



## **FORCED LABOUR IN CANADIAN SUPPLY CHAINS REPORT - 2023**

Reporting Company: **Carbonaut Baking Inc.**

Reporting Period: **January – December 2023**

Carbonaut Baking Inc.

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## INTRODUCTION

Carbonaut Baking Inc. is a supplier of several keto certified product across various product categories, supplied to Canada and the USA. We are committed to upholding the highest ethical standards and corporate responsibility. We are guided by our core values in our relationships with the number of co-packers that we engaged. We engage co-manufacturers who align with our dedication to respecting labor laws, upholding human dignity and rights, and developing workplace cultures that are based on integrity and fairness.

The following report summarizes the initiatives that were taken from January to December to address the issue of forced labor and child labor within the supply chains engaged by our co-packers. We are in the early stages in our efforts during this period to develop a comprehensive measure that will address prevention, detection, and remediation.

**STRUCTURE BUSINESS & SUPPLY CHAIN:**

Carbonaut Baking Inc. is incorporated in Canada and has co-manufacturing facilities located both in BC Canada and outside of Canada. The company supplies baked products in the gluten and Gluten-Free space and includes bread, bagels, pizza crusts, tortillas and baking mixes.

The company's products are sold throughout North America, while our supply chain, where our raw materials and ingredients are sourced, extends to local and international suppliers in many countries.

Carbonaut's co-manufacturers are in the early stages of taking steps to assess the risks of forced labour or child labour within its supply chain. They are continuing to formalize this process through a new systems database that was engaged in 2023, and through which they continue to onboard all our suppliers.

Carbonaut's co-manufacturers have assessed their organization activities through a review their hiring practices and policies and have concluded that there is no risk of forced and/or child labour in their activities. Through their database platforms they have collected supplier responses on compliance with Slavery and Human Trafficking Laws and continue to do so as suppliers are onboarded to this platform. Concurrent with this process they have engaged a third-party contractor/consultant to assess and monitor the risks of forced labour and/or child labour in their supplier chains.

## POLICIES AND DUE DILIGENCE PROCESSES

### Policy on Human Rights and Modern Slavery

Carbonaut is committed to operating in accordance with the highest ethical standards and all applicable laws, rules, and regulations. We place the highest value on the integrity of each employee and company representative working with our co-manufacturers. Our Company expects compliance with all applicable laws, rules, and regulations, but also responsible and ethical behaviors and compliance with our Code of Conduct. The Company believes in and upholds the dignity of each person and asserts that all forms of modern slavery including forced labour and child labour are incompatible with our values and fairness, and ethical standards. We are moving in the direction of developing a comprehensive framework in our business model to uphold and protect human rights particularly in our supply chain and our co-manufacturers are in the early stages of this development.

Our commitments:

**Adherence and respect to National Legal Standards:** Carbonaut is dedicated to upholding all applicable national laws and regulations related to human rights. This includes forced labour and child labour.

**Code of Conduct:** Respect and protecting human rights is fundamental to us. Our Code emphasizes the importance of upholding human rights standards in all aspects of our operations, from procurement to production and sales. Co-manufacturers, colleagues and supply chain are encouraged to uphold the dignity of each person when conducting business activities and making decisions, ensuring that our actions align with ethical principles.

**Supply Chain Assessment:** This is in development. Information is being collated before assessment is done. Our company has engaged the services of a third-party contractor/consultant to conduct this assessment. Any identified breaches of human rights, such as instances of forced labour and child labour, within our area of influence, control, and knowledge will be actioned and remediation measures taken.

## **RISK ASSESSMENT:**

The sourcing of ingredients from suppliers within the supply chain could pose potential risks of forced labour or child labour especially if these suppliers operate in regions with lower labour standards or inadequate oversight. It is important therefore for Carbonaut to assess and manage these risks throughout its business operations and supply chains, with the following steps.

1. **Supplier due diligence:** We will be implementing a supplier approval process that appropriately vet suppliers to ensure that they are compliant with all applicable labour laws and ethical practices.
2. **Supplier code of conduct:** we are establishing a clear supplier code of conduct that outlines supplier expectations regarding labour practices, including the prohibition of forced labour and child labour. Suppliers will be required to sign and adhere to this code as a condition of doing business with Carbonaut Baking Inc.
3. **Contractual Agreements:** We are developing clauses in supplier contracts that explicitly prohibit the use of forced labour or child labour and require suppliers to certify compliance with labour laws and regulations.
4. **Training and Awareness:** We are exploring training for employees and suppliers on the importance of ethical labour practices and the identification of forced labour or child labour indicators. Open communication and reporting of any suspicions or concerns will be encouraged.
5. **Supply Chain Transparency:** Maintain transparency throughout the supply chain by regular monitoring, site visits, and reporting on labour practices. This will primarily be done through our third-party contracted service.
6. **Continuous Improvement:** Regularly review and update policies, procedures, and practices to address emerging risks and evolving standards. Conduct regular audits and assessments to identify areas for improvement and implement corrective actions as needed.

## **ACTIONS TO REDUCE AND ADDRESS RISKS**

During the review period no remediating actions were taken. Assessment needs to be completed first.

## **TRAINING & AWARENESS**

No training activities took place during the review period. We are actively exploring training and awareness tools for employees and suppliers.

## **APPROVAL AND ATTESTATION**

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for Carbonaut Baking Inc.



Stan Smith  
President  
Carbonaut Baking Inc.

Date: May 31, 2024