

2024 Annual Report on Forced Labour and Child Labour in Supply Chains

FE Ingredients Inc.

This report has been prepared in accordance with the Fighting against Forced Labour and Child Labour in Supply Chains Act. It outlines the policies and procedures that FE Ingredients Inc. (hereafter referred to as "the Entity") will implement to prevent and reduce the risk of forced labour and child labour in our supply chain.

1. Steps the Entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any stage of the production of goods in Canada or elsewhere by the Entity or of goods imported into Canada by the Entity:

FE Ingredients Inc. has been diligently building and scaling the business for continued growth. While we have not previously initiated specific actions to address the risk of forced labour or child labour within our supply chains, we are committed to rapidly implementing measures to prevent and reduce these risks.

Our products are predominantly produced in Canada, with only a few sourced from the USA. FE Ingredients Inc. is a distributor of food ingredients and is not the importer of record for any products; we primarily purchase from the Canadian subsidiaries of large multinational companies. While refined sugar is not considered a product of Canada, the risk of forced labour and child labour remains low due to our reputable suppliers. Moving forward, we will undertake several actions aimed at addressing potential issues:

Conducting an Assessment: We will be undertaking an assessment of risks related to forced labour and/or child labour within our activities and supply chains. This assessment will provide us with valuable insights and identify areas for immediate improvement.

Developing and Implementing Policies: We have developed a policy to address forced labour and child labour, which we are now in the process of implementing. This policy includes specific measures to identify and mitigate practices that could increase the risk of forced labour and/or child labour in our activities and supply chains.

Due Diligence Policies and Processes: We are swiftly developing and implementing due diligence policies and processes designed to identify, address, and prohibit the use of forced labour and/or child labour in our operations. These processes will ensure oversight and compliance across all levels of our supply chain.

Supplier Requirements and Monitoring: We will work with our suppliers to ensure they have their own policies and procedures for identifying and prohibiting the use of forced labour and/or child labour. To ensure compliance, we will regularly monitor our suppliers through continuous engagement and periodic audits.

FE Ingredients Inc. is dedicated to enhancing our efforts to assess and manage the risks of forced labour and child labour. We are committed to implementing these measures quickly and effectively, ensuring the integrity and ethical standards of our supply chains.

2. Organizational Structure, Activities and Supply Chains:

FE Ingredients Inc. operates within the industrial and food manufacturing trade sectors in Canada. We specialize in distributing bakery ingredients, including sugar, flour, cooking oil, yeast, baking spices, edible spices, baking fillings, baking mixes, and toppings. All our employees are based in Canada, and all activities are conducted domestically.

Our supply chain primarily sources products from Canada and the United States, with most of the processing occurring within Canada. While refined cane sugar is not considered a product of Canada, it is sourced through reputable suppliers, who ensure adherence to ethical sourcing standards. We predominantly source from North America and rely on our suppliers to import products as necessary, holding them accountable to maintain high ethical standards.

Our organizational structure includes a CEO at the helm, supported by dedicated departments for operations, sales and marketing, and finance. Additionally, we leverage fractional support for human resources (HR) and information technology (IT). The HR function reports directly to the CEO, while IT reports to the CFO, ensuring streamlined operations and strategic oversight across all functions.

We are committed to ethical sourcing practices and compliance with all relevant regulations, ensuring the integrity and sustainability of our supply chain. Our organizational structure supports efficient distribution and quality control, with specialized teams ensuring excellence in procurement, quality assurance, and logistics.

3. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour:

We are committed to preventing forced labour and child labour through stringent employment screening procedures. Prospective employees must complete a job application, a detailed questionnaire, resume screening, and an employee profile in our HR system. The screening process includes verifying the candidates' eligibility to work in Canada, confirming possession of a valid social insurance number and/or driver's license, and conducting age verification when necessary.

4. Parts of the Entity's Business and Supply Chains that Carry a Risk of Forced Labour or Child Labour and the Steps Taken to Assess and Manage That Risk:

As a distributor of bakery ingredients, FE Ingredients Inc. recognizes that the greatest risk of forced or child labour within our business likely lies within our sugar supply chain. While our flour supply chain, predominantly sourced from Canada, presents minimal risk due to strong regulatory frameworks, our sugar supply chain remains a significant part of our business and warrants close monitoring to ensure ethical sourcing practices.



FE INGREDIENTS

Our two core suppliers play a crucial role in our supply chain. One of our suppliers imports raw sugar cane and processes it in Canada, while another purchases wheat, primarily from Canada and the USA, and mills it locally. While our primary suppliers operate within North America, where regulatory frameworks and oversight are robust, we understand the importance of actively addressing potential risks associated with forced or child labour.

To enhance our efforts in this area, we are committed to immediately implementing the following measures:

Supplier Contracts and Compliance: We will work with our suppliers to include stringent clauses ensuring adherence to ethical sourcing standards. We will request letters of compliance from our suppliers attesting to their commitment to preventing forced labour and child labour in their supply chains.

Review of Supplier Statements: We will initiate a thorough review of the anti-slavery and human trafficking statements from our key suppliers. This review will help ensure our suppliers are committed to ethical practices.

Ongoing Engagement and Dialogue: We will establish regular engagement with our suppliers to ensure they are actively preventing forced or child labour in their supply chain.

Risk Assessment: We will conduct regular risk assessments of our supply chains to identify any areas of concern. This will involve monitoring sourcing practices, particularly in regions where forced or child labour is more prevalent.

Transparency and Reporting: We will enhance transparency in our supply chain practices and commit to reporting any findings or concerns related to forced or child labour. We will work collaboratively with our suppliers to address and resolve any issues that arise.

While most of our supply chain activities are within North America, we are dedicated to immediately enhancing our efforts to assess and manage the risks of forced labour and child labour. We are committed to ethical business practices and ensuring the integrity of our supply chains.

5. Measures Taken to Remediate Any Forced Labour or Child Labour:

No specific instances of forced labour or child labour have been identified within our operations or supply chain. Should we identify any instances, we are committed to responding appropriately to address the issue promptly.

6. Measures Taken to Remediate the Loss of Income to the Most Vulnerable Families That Results from Any Measure Taken to Eliminate the Use of Forced Labour or Child Labour in Its Activities and Supply Chains:

No measures have been necessary in this area as no vulnerable families have been identified as experiencing a loss of income due to actions taken by the Entity to eliminate forced labour or child labour from our supply chain.

7. Training Provided to Employees on Forced Labour and Child Labour:

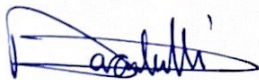
We have trained our managers to use a standard screening questionnaire during candidate interviews. This includes verifying eligibility to work in Canada, possession of a valid social insurance number and/or driver's license and conducting age verification when necessary.

8. How We Assess Our Effectiveness in Ensuring That Forced Labour and Child Labour Are Not Being Used in Our Business and Supply Chains:

To the best of our knowledge, no instances of forced or child labour have been identified within our operations or supply chain. We commit to continuous monitoring and assessment of our operations and supply chain to prevent the incorporation of unethical practices.

Approval of our Report

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 the purposes of the Act, for the reporting year listed above.



Dave Iacobelli

CEO – FE Ingredients Inc.

May 28th, 2024

"I have the authority to bind 'Name of Entity.'"