



## 2023 Forced and Child Labour Report

This statement is published pursuant to Canada's "Fighting Against Forced Labour and Child Labour in Supply Chain Act, Bill S-211" and describes measures taken by From the Hearth Holdings, LLC and its subsidiaries ("The Company") to prevent and reduce the risk that forced labour or child labour is used in its operations and supply chain for the reporting period Jan 1, 2023 – Dec 30, 2023, and is submitted to the Minister of Public Safety (Canada). This is a joint statement made in respect of From the Hearth Holdings, LLC (ID FTH US TIN 82-0752269) and the entities it controls (Furlani Foods Corporation, ID 101906808 and Furlani Foods, LLC ID 39-1022079).

The Company recognizes it essential to contribute to fighting against modern slavery which takes on different forms, including forced labour and child labour.

### OUR STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

"At Furlani Foods, we are bakers at heart. We are fueled by a passion for bringing added joy to consumers' meals, success to our partners, and well-being to our team. We are grounded in our principles of integrity, courage, and the relentless drive towards excellence in everything we do".

**Structure** - From the Hearth Holdings, LLC, is a private corporation and parent company of Furlani Foods Corporation in Mississauga, Ontario, Canada and Furlani Foods, LLC in Oak Creek, Wisconsin, United States, employing approximately 700 people. The Oak Creek site was acquired in 2016.

**Activities** – Our Company is a specialty garlic-bread manufacturer producing toast, breadsticks, knots, rolls and loaves that are distributed and sold across North America into retail and foodservice categories.

**Supply Chains** – The Company's Operations and Supply Chain facilitates production, storage, and transportation of baked goods, and as such, a variety of goods and services are sourced including raw ingredients, packaging, semi-finished and finished goods, logistics services (warehousing, freight), manufacturing equipment, installation and commissioning services, labour agency services, personal protective equipment (PPE), IT systems, professional, legal, and utility services. The majority of the goods and services are procured from local domestic North American suppliers (97.9%), West Europe (2%) and less than fraction of 0.1% from Asia. Many of the supplier relationships have been longstanding and stable.

### POLICIES AND DUE DILIGENCE PROCEDURES

The risk of modern slavery in our operations is low due to the policies, procedures and practices established in our recruitment processes.

Work Management systems are in-place which include Proof of Age verification as a pre-condition to employment to prevent child labour within our own operations.

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Legacy site-specific “Code of Conduct” and “Core Values” policies are in place. These principles-based guidelines provide a framework around how we deal with each other, our suppliers and customers emphasizing integrity, honesty, and ethics.

Other specific Responsible Business Conduct (RBC) policies are maintained by the sites that mandate compliance requirements to uphold laws and regulations of the regions where we do business. These policies provide specific statements around Health and Safety, Violence, Harassment, and the Environment. Additionally, the sites maintain policies related to business dealings and cover avoidance of conflicts of interest, anti-bribery, anti-corruption, and rules on gifts and gratuities.

The Canadian operation has an existing “Ethical Business Conduct Policy and Procedure” and particularly addresses an explicit prohibition on use of child labour and forced labour in our own operations and that relationships with suppliers are free of corruption. Compliance with the “Ethical Business Conduct Policy and Procedure” is strictly mandatory and employees in violation are subject to disciplinary action.

Sites maintain strict no-retaliation policies for the reporting of any unethical conduct in good faith.

Should we become aware of modern slavery practices in our supply chain, we will take actions including corrective actions with the supplier, and in the unlikely event that an underage person is found to be employed in our owned operations due to internal procedural failure and/or applicant document falsification or other mechanism, the employment relationship will be terminated immediately, and an investigation will be conducted to determine the reason(s) for the initial hiring. Appropriate remediation measures will ensue.

## **RISKS OF FORCED LABOUR AND CHILD LABOUR**

All staff, including permanent, part-time and agency, are covered by local working standards and employment laws, including wage regulations. The Company’s partner staffing agencies have attested that all referred workers are employment eligible according to local country laws. Additionally, our Company has work management systems in place to verify the ages of the workers.

Palm production has an association with social issues and the natural environment. Our Company only sources palm oil that meets Roundtable on Sustainable Palm Oil (RSPO) standards, which include criteria for labour rights and environmental principles. Additionally, palm oil remains a very small area of our spending.

## **TRAINING AND AWARENESS**

All new staff are provided site-specific legacy “Code of Conduct” or “Core Values” training. All long-standing staff receive mandatory annual Occupational Health and Safety refresher training. Canadian site staff additionally receive annual awareness training to Ethical Trading Initiative (ETI) Base Code standards, specifically that child labour and forced labour are specifically prohibited in our operations. The Human Resources staff at our U.S.A. site attend annual training on updates to local employment legislation and take necessary actions to ensure compliance.



## **ASSESSING EFFECTIVENESS, REMEDIATION OF FORCED LABOUR, CHILD LABOUR, AND LOSS OF INCOME**

**Assessing Effectiveness:** Our Company assesses and drives improvements to our ethical performance in its business practices and social compliance by undergoing client audits. In 2023, we partnered and became a member of the Supplier Ethical Data Exchange (SEDEX) organization. SEDEX utilizes the most widely used global social audit methodology called SMETA (SEDEX Members Ethical Trade Audit). SMETA methodology employs an extensive four-pillar framework, examining risks related to working conditions in operations and supply chains, worker health & safety, human rights (including forced labour and child labour), environmental practices, and business ethics. The SMETA audit uses the Ethical Trading Initiative (ETI) Base Code and local law as its monitoring standards and specifically references that "Employment is freely chosen" and "Child labour shall not be used". Further, the ETI Base Code is built on the conventions of the International Labour Organization (ILO) which is widely acknowledged as an internationally recognized standard for good labour practices. The Canadian site is submitting to a full four-pillar SMETA audit in 2024 and our U.S.A. operations completed a full four-pillar SMETA audit during 2023.

**Remediation:** We have not identified nor has any instance of forced labour or child labour been highlighted in our operational activities and supply chains.

### **FORWARD PLANS**

Our Company acknowledges its social responsibility and ongoing requirement for compliance with legislation, in addition to mandatory annual reporting. Our Company is planning enhancements to our risk-management processes, including developing and implementing policies and procedures around due diligence, and identifying, assessing, and remediating any potential emerging risks that could exist in its supply chain or operations.

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.

A handwritten signature in cursive script that reads "Jonathan Kawaja".

Jonathan Kawaja  
President / Chief Executive Officer  
May 24, 2024

I have the authority to bind From the Hearth Holdings, LLC, dba as Furlani Foods Corporation and Furlani Foods, LLC.