

MARTIN BAUER, INC.

Bill S-211 REPORT

**An Act to Enact the Fighting Against Forced Labor and Child Labor in Supply Chains
Act and to Amend the Customs Tariff**

Modern Slavery Statement for the Financial Year Ended December 31, 2023



May 30, 2024

Bill S-211 Report

This statement is made pursuant to Bill S-211, *An Act to Enact the Fighting Against Forced Labor and Child Labor in Supply Chains Act and to Amend the Customs Tariff*. This statement outlines the approach and initiatives by Martin Bauer, Inc. to identify and address the risks forced labor and child labor in its business operations and supply chains during the financial year ending December 31st, 2023.

Martin Bauer, Inc. fully supports Canada's efforts to protect human rights and enforce ethical labor practices under the *Canada Fight Against Forced Labor and Child Labor in Supply Act and to Amend the Customs Tariff* of 2022 (Bill S-211). Martin Bauer, Inc. is proud of its reputation and record for integrity and respect in dealing with our own employees and expects nothing less of our suppliers in their dealings with their workforce. We have adopted a Supplier Code of Conduct which requires that our direct suppliers ensure that they do not engage in, or support forced labor or unlawful child labor. We are also committed to ensuring that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally and socially responsible.

Company Structure

Martin Bauer, Inc. USA ("MartinBauer"), a subsidiary of Martin Bauer GmbH Co. KG, a renowned global leader in the botanical industry established in 1930, was established in 1996. Headquarters located in Secaucus, NJ, MartinBauer specializes in sourcing, processing, and distributing high-quality plant-based ingredients for the Dietary Supplement, Food & Beverage, Personal Care, and Pet Care Industries. With a rich history and expertise, MartinBauer has grown from a small specialty market to a multibillion-dollar international market. Offering over 400 ingredients, MartinBauer sources a wide range of raw materials to produce various products such as food powders, water-soluble extracts, custom blends, vitamin mineral premixes, granulations, other specialty processes, and custom ingredients.

Supply Chain

MartinBauer is committed to upholding exemplary human rights and labor practices across all business activities. Social responsibility and adherence to fundamental social rights and principles are indispensable components of MartinBauer's value-oriented corporate management. We expect all intermediaries to uphold these standards throughout the supply chain, ensuring no forced labor or exploitative child labor occurs.

Transparency in the supply chain forms the basis for the sustainable procurement of our raw materials. MartinBauer sources products from various countries, as shown in Table 1, with processing and packaging carried out at facilities that adhere to high quality standards.

SOURCING MARKETS	
Argentina	Mozambique
China	Papua New Guinea
Germany	Rwanda
India	Sri Lanka
Indonesia	Tanzania
Japan	Unites States
Kenya	Vietnam
Malawi	Zimbabwe

Table 1. Martin Bauer, Inc. Sourcing Markets

Identifying potential risks related to forced labor and child labor within the supply chain is crucial. The risks in our supply chain stem from:

- a) Procurement of products from intermediaries
- b) Utilization of temporary or seasonal labor in tea production
- c) Seasonality in tea harvesting

By recognizing these risks, we can take proactive measures to address and mitigate them effectively.

Actions Taken

At MartinBauer, we hold our suppliers to the high standards of our social, environmental, ethical, and human rights requirements, as well as business conduct. We request adherence to these criteria throughout the entire supply chain. Therefore, suppliers are expected to ensure that their employees, agents, and sub-suppliers also meet the standards established in Martin Bauer’s Code of Conduct.

Our Supplier Code of Conduct is built upon the following principles:

- a) Respect for the Basic Human Rights of Employees
- b) Environmental Protection
- c) Prohibition of Child Labor
- d) Health and Safety of Employees
- e) Legal Compliance and Prohibition and Bribery

These principles form the foundation for ethical and responsible practices within our supply chain.

Forced Labor

Every employee has the right to life, freedom, and safety. We do not tolerate forced labor. Work is performed voluntarily and without the threat of punishment. Employees can terminate their work or employment relationship at any time with reasonable notice.

Child Labor

No workers under the age of 15 or, in those countries subject to the developing country exception of the ILO Convention 138, to employ no workers under the age of 14. Work that is likely to harm the health, safety or morals of children are prohibited.

Associations

MartinBauer is affiliated with organizations that reflect a strong commitment to ethical sourcing practices, fair trade principles and sustainability within the supply chain.

a) Rainforest Alliance (RA)

A non-profit organization focused on protecting forest and biodiversity, improving the livelihood of farmers and forest communities, protecting human rights, and promoting smart agricultural practices to mitigate climate change. The organization's certification programs prohibit forced labor and child labor and ensure that certified operations comply with these requirements through audits and assessments. Furthermore, RA has set up an integrated system (Assess-and-Address, Child Labor Monitoring and Remediation System, Child Labor Free Zones) to tackle child labor through risk assessments, awareness raising, monitoring, identifying, and remediation.

b) Fairtrade (FT)

FT sets to create a more equitable and sustainable global trade system that benefits both producers and consumers. Their principles focus on social, economic, and environmental development, as well as the prohibition of forced and child labor. The organization has policies in place to educate communities about human rights issues, response and action policies to protect victims of these occurrences.

Martin Bauer, Inc. commitment to ensuring fair working conditions for employees includes working towards full compliance with international laws on slavery, human trafficking, and child labor through direct or third-party supplier audits.

Risk Assessment

Suppliers are required to complete a Risk Assessment Supplier Questionnaire and sign off MartinBauer's Code of Conduct every 3 years. MartinBauer reserves the right to verify Supplier's compliance with international laws concerning forced labor and child labor through direct or third-party Supplier audits. Failure to comply with the policies will lead to the

implementation of appropriate corrective measures, which may involve disciplinary actions, including termination of contract, if necessary.

Remediation

In a case where a supplier is found to have violated MartinBauer's Code of Conduct or any forced labor and child labor is found in its business activities, a remediation procedure is at place:

- a) Immediately terminate its contract with Supplier;
- b) Conduct and document an assessment to analyze the situation, including gathering of evidence and information of those affected;
- c) Evaluate findings, review, and implement policies and procedures to prevent re-occurrence.

Training

MartinBauer will continue to build upon its value-oriented corporate management, especially the ones focused on human rights and labor practices, by raising awareness of these issues. A project to improve current practices and develop better initiatives to address these issues and mitigate risks in business operations and supply chain will be introduced.

Summary

MartinBauer is committed to the fight against forced labor and child labor in its operations and supply chain. Proactively engaging our employees and intermediaries to express the importance of eradicating child labor and forced labor to strengthen our approach to reducing the risks of any labor law violations within our business and supply chain.

This statement is made pursuant to Bill S-211, *An Act to Enact the Fighting Against Forced Labor and Child Labor in Supply Chains Act* for the financial year ending December 31st, 2023.

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