



Annual Report: Forced Labor in Canadian Supply Chains

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Entity Name: Ferrara Candy Company


Reporting Year: 2023

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

This statement was approved by the Board of Directors of Ferrara Candy Company in accordance with subparagraph 11(4)(a) of the Act.

I have the authority to bind Ferrara Candy Company.

Signature:  A9530533D95A4E4...

Name: Maurizio Ficarra

Date: 5/16/2024

Title: Chief Financial Officer



I. Entity's Activities and Supply Chains

- a. Ferrara Candy Company ("Ferrara") is a privately held confectionery business based in North America with headquarters in Chicago, Illinois, USA. Ferrara manufactures and sells sugar confections under numerous brand names, including but not limited to NERDS, SweetTARTS, Trolli, and LaffyTaffy. Ferrara utilizes a global upstream supply network to procure raw materials, packaging, and other goods and services, primarily from North and South America, Asia, and Europe.
- b. Ferrara engages in the following activities:
 - i. Producing goods outside Canada;
 - ii. Selling goods in Canada and outside Canada;
 - iii. Distributing goods in Canada and outside Canada; and
 - iv. Importing into Canada goods produced outside Canada.

II. Steps the entity has taken in the previous financial year to prevent and reduce the risk that forced labor or child labor is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity:

- a. Conducting an internal assessment of risks of forced labor and/or child labor in the organization's activities and supply chains
 - i. Ferrara retained an external subject matter expert to conduct a human rights risk and saliency analysis in 2023. The analysis included the topics of forced labor and child labor.
- b. Addressing practices in the organization's activities and supply chains that increase the risk of forced labor and/or child labor
 - i. Ferrara's supplier contracts include clauses prohibiting the use of forced labor, child labor, and human trafficking. All contracts require suppliers' compliance with Ferrara's Supplier Code of Conduct which explicitly prohibits the use of child labor and forced labor.
 - ii. Ferrara utilizes a public-facing and publicly available hotline where any third party, including Ferrara's suppliers, can submit complaints (including anonymously) about any aspect of Ferrara's business, including any potential alleged complaints of forced or child labor (the "Hotline").
- c. Developing and implementing anti-forced labor and/or -child labor contractual clauses and developing and implementing anti-forced labor and/or -child labor standards, codes of conduct and/or compliance checklists
 - i. The Supplier Code of Conduct, included in all Ferrara supplier contracts, sets minimum standards that Ferrara's suppliers must follow pertaining to forced labor, human trafficking, and child labor. The Supplier Code of Conduct explicitly prohibits Ferrara suppliers from using all forms of forced labor and/or child labor in the production or distribution of goods and services.
 - ii. The Supplier Code of Conduct is posted on Ferrara's public website in addition to being integrated into its supplier contracts.
 - iii. Ferrara's employees in the US and Mexico must be 18 years of age or older.
- d. Auditing suppliers
 - i. Ferrara conducts annual social audits of its high-risk suppliers. Ferrara hires independent, trained auditors to assess whether Ferrara's policies and its Supplier Code of Conduct are effectively implemented and whether suppliers are compliant with relevant laws.
- e. Developing and implementing grievance mechanisms
 - i. Ferrara has in place an anonymous reporting Hotline. Through this Hotline, accessible by phone, email or online, Ferrara's Ethics and Compliance team can be notified of any child labor, forced labor, or other social or ethical abuses occurring in its operations or in its supply network.



- f. Developing and implementing training and awareness materials on forced labor and/or child labor
 - i. Ferrara employees are annually trained on issues such as human trafficking, child labor, and forced labor. Ferrara employees review and acknowledge relevant provisions in Ferrara's Code of Conduct.
- g. Engaging with civil society groups, experts and other stakeholders on the issue of addressing forced labor and/or child labor
 - i. Ferrara is an active member of multiple working groups in which topics of child and forced labor are addressed. Risk factors, causes, and prevention and mitigation measures are also discussed in these working groups.

III. Elements of the due diligence process implemented in relation to forced and/or child labor:

- a. Embedding responsible business conduct into policies and management systems
 - i. Ferrara's Supplier Code of Conduct and supplier contracts explicitly prohibit the use of child and forced labor. Ferrara requires its suppliers to certify that materials incorporated into their supply chains comply with laws regarding forced labor and child labor in the country or countries in which they do business. Ferrara's Code of Conduct, other related internal policies, and required employee training ensure that employees are aware of human rights risks.
 - ii. Per internal corporate human resources policy, Ferrara never hires individuals under the age of 18 to work in its facilities in the US or Mexico.
 - iii. During merger and acquisition activity, Ferrara follows specific due diligence procedures that focus on supply chain compliance and include assessments of human rights and labor risks.
 - iv. Ferrara operates an anonymous Ethics and Compliance Hotline through which individuals can communicate concerns about social or ethical abuses and other violations occurring in Ferrara's operations or in its supply chain. The Hotline is available via telephone, email, and online. Complaints made to the Hotline are formally investigated by Ferrara's Office of Ethics and Compliance.
- b. Identifying and assessing adverse impacts in operations, supply chains and business relationships
 - i. Ferrara hires a third-party auditing firm to conduct audits of suppliers based on known information about potential child and forced labor risks. If Ferrara becomes aware of any actions, circumstances, or conditions not in compliance with the Supplier Code of Conduct, Ferrara will work with suppliers to find corrective solutions; otherwise, Ferrara will modify its dealings with the suppliers, terminating the relationship if necessary.

IV. Identification of activities and supply chains that carry a risk of forced labor or child labor:

- a. Ferrara has started the process of identifying risks.
- b. Through its assessment, Ferrara identified forced labor or child labor risks related to the following aspects:
 - i. The types of products it sources;
 - ii. The raw materials or commodities used in its supply chains;
 - iii. Suppliers further down the supply chain than tier three; and
 - iv. The use of outsourced, contracted or subcontracted labor;
- c. Through its assessment, Ferrara has identified forced labor or child labor risks related to the following sectors and industries and taken the indicated steps to assess and manage the risk:
 - i. Agriculture, forestry, fishing and hunting
 - 1. Ferrara has identified two agricultural commodity supply chains relevant to its business that carry a risk of forced or child labor. The production and/or harvesting of both commodities has been linked to child and forced labor in 2023. Ferrara worked directly with its suppliers to engage with and ensure that producers in its upstream supply chain were not using or relying on forced or



child labor. In all such cases, Ferrara confirmed that the child or forced labor risks were not related to the producers.

ii. Manufacturing

1. Multiple media sources revealed the use of child labor in US meat processing facilities in 2023. Because Ferrara sources meat by-products, Ferrara worked with (and continues to work with) its suppliers to conduct audits to ensure the absence of child labor in this supply chain.

V. Measures to remediate forced labor or child labor in entity's activities and supply chains:

- a. Ferrara has not taken remediation measures because it has not identified any forced labor or child labor in its activities and supply chains. Therefore, Ferrara has also not taken measures to identify and remediate the loss of income to the most vulnerable families that resulted from measures taken to eliminate the use of forced labor or child labor.

VI. Employee training

- a. Ferrara provides mandatory training to all employees on forced labor and/or child labor. All Ferrara employees are trained on issues regarding human trafficking, child labor, and forced labor by way of reviewing and acknowledging relevant provisions in Ferrara's Code of Conduct on an annual basis.

VII. Policies and procedures to assess effectiveness

- a. Ferrara does not currently have policies or procedures in place to assess its effectiveness in ensuring that forced labor and child labor are not used in its activities and supply chains. Ferrara continues to monitor and place guardrails wherever it identifies a risk for forced labor and/or child labor.