



2023 Report for Forced Labour in Canadian Supply Chain

Background

“Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

The measures introduced through former Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), aim to increase industry awareness and transparency and drive businesses to improve practices.”

Report

(a) Structure, activities and supply chains

Clasen Quality Chocolate, Inc. is a privately owned entity that manufactures chocolate and confectionary coatings. CQC sources ingredients and raw materials from both domestic and international suppliers.

(b) Policies and due diligence processes in relation to forced labour and child labour

CQC’s Code of Conduct prohibits forced labor, human trafficking, and child labor in our supply chain. All suppliers must acknowledge and accept the CQC Code of Conduct with each purchase order.

(c) The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk

CQC sources some commodities from countries with an increased risk of forced labor and/or child labor. These commodities and origins include cocoa from Ivory Coast, Ghana, Nigeria, and Cameroon, and palm oil from Malaysia and Indonesia.

(d) Any measures taken to remediate any forced labour or child labour

CQC actively monitors our suppliers and engages with key partners to reduce the risk of child or forced labor occurring.



To mitigate any potential risk of child labor or forced labor occurring within CQC's supply chain, CQC takes the following steps:

- 1) CQC only sources from suppliers who agree to our Code of Conduct that explicitly prohibits any form of child labor in our supply chain. The Code of Conduct prohibits forced labor, human trafficking, and child labor throughout our supply chain. Suppliers must acknowledge and accept this with each purchase order.
- 2) CQC is a member of organizations including World Cocoa Foundation (WCF) and Roundtable on Sustainable Palm Oil (RSPO) which work to eliminate child labor and forced labor in their respective sectors.
- 3) CQC sources raw material under third-party certification programs (Rainforest Alliance, RSPO, Fair Trade USA, Fairtrade International) that address child labor and forced labor through certification standards.

(e) Any 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

CQC has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labor or child labor in our activities and supply chains.

(f) The training provided to employees on forced labour and child labour; and

CQC provides the necessary training to relevant employees, managers, and supply chain partners to ensure compliance with CQC's Code of Conduct, certification standards, and regulatory requirements. Human Resources employees are trained on viewing and assessing employee ID's to verify appropriate age when new employees are hired. Then those ID's are verified on the US Government E-verify system to verify authenticity. Currently in our production jobs, the minimum age requirement is 18 years of age.

(g) How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains

CQC partners with external organizations to conduct regular audits of CQC.

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.



Full name: Jack Jensen

Title: CFO

Date: May 31, 2024

Signature:

A handwritten signature in black ink that reads "Jack Jensen". The signature is written in a cursive style with large, rounded letters.

I have the authority to bind Clasen Quality Chocolate