

# Voortman Cookies Limited's Fighting Against Forced Labour and Child Labour in Supply Chain Report (2023)

## ABOUT THIS REPORT

Voortman Cookies Limited<sup>1</sup> has prepared this report (the "**Report**") pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2023. All references in this Report to the "**Company**", "**Voortman Cookies**" "**we**", "**us**" or "**our**" refer to Voortman Cookies Limited unless otherwise indicated. This Report has not been externally assured.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during our previous financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Voortman Cookies does not report under similar legislation in any other jurisdiction. However, The J.M. Smucker Company ("J.M. Smucker"), our indirect parent company, reports in California.<sup>2</sup>

## INTRODUCTION

At Voortman Cookies, we are committed to demonstrating integrity and ethical behaviour, as well as holding ourselves accountable to all of our stakeholders. We believe that trust is the key ingredient to our recipe for successful relationships and reputation. We also continue to be committed to having an ethical and sustainable supply chain system and believe that our strong brand history and market position, combined with our innovative spirit, provides a strong platform for us to be able to do that.

We are committed to conducting our business ethically and with a commitment to integrity in all that we do. We believe that integrity means having a strong moral compass and promoting honest and ethical conduct in all personal and professional relationships. These principal beliefs guide our interactions with customers, consumers, employees, suppliers, communities, and stakeholders.

At Voortman Cookies, operating with integrity means abiding by all applicable governmental laws, rules and regulations where we operate and demonstrating a commitment to compliance with all international human rights principles. We expect our employees to uphold the spirit of our Code of Ethics, Company policies, and applicable laws at all times.

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<sup>1</sup> Business No. 105676019.

<sup>2</sup> The California Transparency in Supply Chains Act Disclosure can be found [here](#).

## STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

### **Company Structure**

Voortman Cookies, founded in 1951, is an indirect wholly owned subsidiary of Hostess Brands, Inc. ("**Hostess Brands**"), which is headquartered in Lenexa, Kansas. On November 7, 2023, J.M. Smucker, headquartered in Orrville, Ohio, acquired Hostess Brands. The information in this Report summarizes Hostess Brands and Voortman Cookies' policies and procedures prior to such acquisition. During calendar year 2024, Hostess Brands and Voortman Cookies will transition to J.M. Smucker's policies and procedures.

Voortman Cookies was incorporated in 2020 under the British Columbia *Business Corporations Act*, and our head office is located in Burlington, Ontario.

Hostess Brands employs approximately 2,800 full-time employees globally. In Canada, Voortman Cookies employs approximately 275 individuals and has one manufacturing and processing facility, one principal distribution center and one sales and administrative office in Burlington, Ontario.

Our manufacturing and processing facility remains our sole production facility and employs approximately 275 employees who are represented by the Bakery, Confectionary, Tobacco & Grain Millers International Union, Local 246.

### **Activities and Operations**

Voortman Cookies specializes in the manufacturing and marketing of more than 80 varieties of cookies and wafers. Our products are sold at retail locations in Canada, the United States and over 70 other countries worldwide. In Canada, Voortman Cookies is the branded market leader in cookies and wafer products.

Voortman Cookies falls under Hostess Brands' "North American" operations. This includes the sale of products distributed domestically in Canada and in the United States through retail channels and food service distributors and operators (e.g., grocery and convenience stores). Our total net sales in Canada in 2023 were approximately \$100 million USD.

### **Our Supply Chains**

Our principal raw materials are cooking oil, sugar, coatings, flour and eggs, as well as cartons, corrugate and films used to package our products. The most significant of these materials, based on 2023 annual spend, are cooking oil, sugar, coatings, flour and eggs. More details with respect to our supply chains is set out in the table below.

<b>Goods and Services in our Supply Chains</b>	<b>Information Relating to Source Country and Supply Chain</b>
Sugar	Sourced primarily from United States.
Eggs	Sourced only in Canada.
Plastic packaging materials and finished goods	Sourced primarily from United States including primary packaging and shipping film.
Transportation and Logistics, including ships, trucks, and railcars to bring products to market	Finished goods shipped within Canada are distributed through our leased facility in Burlington, Ontario.

## **POLICIES AND DUE DILIGENCE<sup>3</sup>**

We are committed to the long-term sustainability of our supply chains by supporting those connected to it through strategic investing in our suppliers, enhancing their ability to deliver the quality ingredients used in our products. This supports livelihoods for our suppliers and their families, while ensuring we meet our expectation of ethical and responsible sourcing. This is realized by:

- Communicating our expectations with regard to labour practices and human rights, business integrity, responsible environmental practices, and reporting and enforcement standards through the Supplier Expectations Manual;
- The steady expansion of responsible sourcing initiatives to drive positive impact across supply chains through enhanced collaboration, including streamlining processes and engaging internal and external stakeholders; and
- Reinforcing our commitment to upholding a sustainable supplier program through use of the Sedex platform, an enhanced tool for businesses and suppliers to monitor social and environmental risks and initiatives that may affect responsible sourcing initiatives.

### ***Code of Ethics***

Hostess Brands has established a formal Code of Ethics (the "**Code**"). This Code applies to Voortman Cookies, including our employees, officers, directors, contractors and consultants. The Code reinforces our commitment to honest, ethical and fair conduct, which includes acting with integrity; observing all applicable governmental laws, rules and regulations; adhering to a high standard of business ethics; dealing fairly with our customers, suppliers, competitors and employees; and refraining from any unfair dealing practices.

Employees who suspect or become aware of any existing or potential violation of the Code is expected to notify the Company promptly. This may be done through the Whistleblower Hotline, discussed further below. At Voortman Cookies, a failure to report a violation or suspected violation of the Code is, in and of itself, a violation of the Code.

### ***Supplier Expectations Manual***

Hostess Brands has developed a Supplier Expectations Manual (the "**SEM**"), fostering compliance across our supply chains. The SEM, which applies to Voortman Cookies, is given to our ingredient and packaging suppliers and summarizes the regulatory requirements and third-party food safety and quality standards and certifications that Hostess Brands expects suppliers to meet. The SEM includes specific questions related to health and safety, as well as the human rights of the workers within the suppliers' facilities. Suppliers also complete a social ethical audit.

Under the SEM, Hostess Brands has a right, upon 24-hours' notice, to inspect or audit all facilities where: (a) any manufacturing or food safety records are maintained; (b) products are

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<sup>3</sup> The policies and due diligence processes set out in this section are implemented at the Hostess Brands, parent corporation level, and are imposed upon and adopted by its subsidiaries, including Voortman Cookies.

manufactured, processed, or packed; or (c) products, ingredients or packaging materials used in the manufacturing of products provided to Hostess Brands are stored or held.

Following the audit, all necessary corrective actions to come into compliance with the terms of the SEM are noted for the supplier. In instances where an audit uncovers major deficiencies, Hostess Brands has processes established that contemplate a follow-up on-site visit to verify completion of corrective actions.

### ***Supplier Ethical Data Exchange***

We are a member of Supplier Ethical Data Exchange ("**Sedex**"). Through Sedex, we obtain social ethical audit reports from our suppliers which allows us to map our supply chains. Many of our suppliers are members of Sedex, and this has accelerated our data capture and will help inform changes to our sourcing, if necessary. Through its SEM and Sedex membership, Hostess Brands is working with its suppliers, including those that are Voortman Cookies' suppliers, to enhance compliance with sustainable business practices, reducing the risk of human rights violations.

Suppliers are expected to complete a third-party audit every three years.

### ***Hostess Brands' Whistleblower Hotline and Policy***

Hostess Brands' Whistleblower Hotline (the "**Whistleblower Hotline**") is operated by an independent firm and is accessible 24 hours a day, seven days a week, 365 days a year. Complaints may be submitted online or by telephone, and can be done in English, Spanish or French. Those reporting may choose to remain anonymous and can provide an email address, which cannot be viewed by the Company, and allows for anonymous communication in the event that additional information is required or to provide status updates on any reports. We prohibit retaliation against anyone who makes a report in good faith.

We encourage awareness and use of the Whistleblower Hotline by our employees and all reports are treated seriously. All reports made in 2023 were investigated and closed. Upon investigation, individuals in violation of the Code or in violation of any law, rule or regulation are subject to disciplinary action, up to and including discharge and prosecution.

The Whistleblower Policy reinforces that any individual who in good faith makes a report under the Whistleblower Policy, even if the report is mistaken, or who assists in the investigation of a reported violation will be protected. We prohibit and will not tolerate retaliation in any form against such individuals. Any act of retaliation should be reported immediately and is disciplined appropriately.

## **POTENTIAL RISKS IN OUR OPERATIONS AND SUPPLY CHAINS**

During the last fiscal year, Hostess Brands took the following steps to prevent or reduce the risk of Modern Slavery in its supply chains:

- Conducted an annual audit of all our suppliers against our SEM, questionnaire responses and supporting documentation provided by suppliers;
- In 2023, 100% of our ingredient and packaging suppliers were audited against our SEM;
- Reviewed and completed investigations of all cases via our Whistleblower Hotline;
- Consideration of the latest governmental advice and guidance; and

- Reviewed our risk management infrastructure including, but not limited to, applicable governance bodies, policies, procedures and legal obligations.

### ***Potential Risks in Our Operations***

Voortman Cookies considers the risk of Modern Slavery occurring within our operations to be low considering our workforce and our policies and procedures that govern recruitment/labour sourcing, working conditions and the ethical treatment of our employees. From a geographical risk perspective, our employees are located primarily in Canada, with a small number located in the United States. Both of these countries have a low prevalence of child and forced labour, a low risk of vulnerability to child and forced labour and fairly robust governmental responses addressing child and forced labour.<sup>4</sup>

### ***Potential Risks in Our Supply Chains***

We recognize that there is a risk of Modern Slavery occurring within our supply chains. We understand that geographic considerations, the nature of the raw material and particular industries can carry a higher risk of Modern Slavery. There are also risks linked to certain industries even in countries considered to have lower risks of Modern Slavery. We, however, have adopted a multifaceted and integrated approach to assessing risks in our supply chains, that considers a combination of several factors, including category, industry, country, and supplier management risk profiles via Sedex. Accordingly, as a whole, we view the risks of Modern Slavery in our supply chains as low to moderate.

Based on our risk assessment and due diligence processes described in this Report, potential risks of Modern Slavery may exist in respect of our procurement of raw materials based on industry, nature of the product and country of origin. Utilizing Sedex, we are able to monitor industry risks by inherent risk as well as site specific risks to better mitigate any potential human rights violation, including Modern Slavery, working hours, working conditions, and ethical recruitment broken down by criticality level within the formal risk matrix framework.

Through our assessment of our operations and supply chains regarding the risk of Modern Slavery being used, we did not identify any instances of Modern Slavery. Accordingly, no steps were required to remediate Modern Slavery, or the loss of income associated with remediation efforts.

### ***Management and Mitigation of Potential Risks***

As our supply chains continue to evolve, so does our approach to maintaining our commitment to a responsible and sustainable supply chain. In addition to the management and mitigation measures described throughout this Report, Hostess Brands has put in place a broad oversight strategy to monitor and mitigate potential risks, including supply chain and human capital related reports, which covers risks that may be present in Voortman Cookies' supply chains. While the Company has not put in place a specific human supply chain risk initiative, we are continually expanding our knowledge base and understanding of risks and ability to react.

For example, we strive to continually engaging with our suppliers to promote compliance and monitor ethical standards. Hostess Brands conducts annual audits of its suppliers against the

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<sup>4</sup> Walk Free, Global Slavery Index 2023, found [here](#).

SEM, questionnaire responses and supporting documentation provided by suppliers. In the last year, 100% of our ingredient and packaging suppliers were audited against our SEM. All suppliers also respond to our newly developed ESG questionnaire, which was designed to dive deeper into the environmental, social, and governance structures in place at supplier sites including fair wages, harassment policies, and grievance and mediation structures.

### ***Training***

Due to the relatively low-risk nature of Voortman Cookies' operations and supply chains, we do not currently provide training to our employees specifically relating to Modern Slavery.

However, through J.M. Smucker, all Voortman Cookies' employees will be required to complete awareness training on human rights issues, including Modern Slavery later this calendar year. Management and employees with direct responsibility for supply chain management are expected to complete additional training on the prevention of human trafficking in our supply chain.


### **ASSESSING EFFECTIVENESS**

We will continue to reevaluate the need to implement measures to assess the effectiveness of the processes we have in place based on the evaluation of our risks described in this Report.

### **APPROVAL & ATTESTATION**

This Report was approved pursuant to Section 11(4)(a) by the Board of Directors of Voortman Cookies Limited on May 27<sup>th</sup>, 2024.

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.

DocuSigned by:  
  
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I have the authority to bind Voortman Cookies Limited  
George Ellinidis, Officer  
**Voortman Cookies Limited**  
May 27<sup>th</sup>, 2024