



Stephano Group Ltd.  
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**D ATE: April 3, 2025**

## **Fighting Against Forced Labour and Child Labour in Supply Chains**

### **Company Profile**

Stephano Group Ltd incorporated June 4<sup>th</sup>, 2020, found by the late Steve Frank in 1983

Stephano Group Ltd is a manufacturer of cereals and snacks based in GTA, Ontario mainly focused on private label production and co-packing.

Stephano's main production is granola bar, oatmeal cereal and healthy snacks. Currently occupying two GFSI certified facilities with a total space of 85,000 sq. ft.,

Stephano Group is a privately owned corporation founded in 1983 by the Frank family and is presently operated by a second generation of family members and over 100 full-time employees.

Many successful new projects have taken flight and Stephano's is proud to produce for noteworthy industry partners such as Costco, Sobeys, Farm Boy, Longo's, Aldi, Loblaws, Tim Hortons and many others.

Stephano Group's mission is to become the premier Canadian-based natural and organic cereal producer while growing our business and providing enriching careers for our associates and their families. To be successful in this mission we will maintain our core values; complete commitment to quality and outstanding customer service paired with ethical and sustainable business principles.

To succeed in this highly competitive landscape, and to meet our customers' expectations, our company has determined that significant investments in ethical policies and sustainable procedures required to ensure complying with regulations and international standards.

Further to this, our ability to meet order requirements in the supply chain and secure raw ingredients from trusted channels locally and from overseas.

Key policies implemented in Stephano Group LTD:

- Promoting ethical behavior and integrity, Foster a culture of transparency and accountability under the umbrella of board of directors and shareholders of the company.
- Prepare for potential crises with a detailed plan, Identify key stakeholders and communication channels.
- Use media monitoring tools to Keep an eye on social media, news outlets, and industry forums.
- Maintain open lines of communication with customers, employees, investors, and other stakeholders, regularly seek feedback and address concerns.
- Conduct regular risk assessments to identify potential threats to our reputation.
- Ensure compliance with laws and regulations, Implement strong internal controls and audits.



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- Ensure consistent and positive messaging across all platforms, align marketing and communications with core values.
- Build trust through regular and transparent communication with suppliers, customers, and other stakeholders.

## Risk Assessment

This section outlines the organization's approach to identifying and assessing risks related to forced labor and child labor in its operations and supply chain.

### 1. Methodology

- We conducted a comprehensive assessment of our supply chain to identify potential risks of forced labor and child labor. This included:
  - Reviewing supplier practices and operational processes.
  - Analyzing data from international human rights reports and industry risk indices.
  - Supplier's questionnaires and certificate of compliance with local and international law.
- Specific attention was given to industries, regions, and suppliers with historically high incidences of forced and child labor.

### 2. Identified Risks

Based on our assessment, the following key risks were identified:

- **Geographical Risks:** Suppliers operating in regions with weak labor laws and enforcement, including India, Pakistan, Brazil and Mexico.
- **Sector-Specific Risks:** Industries such as agriculture, textiles, electronics where labor exploitation is known to occur.
- **Supply Chain Complexity:** Indirect suppliers (subcontractors) not under direct organizational control pose challenges for oversight.

### 3. Tools and Resources

To identify and mitigate risks, we used the following tools and resources:

- Child Labour Risk Index: identifies high-risk countries and sectors for targeted due diligence
- Global Slavery Index, published by Walk Free. Helps organizations identify regions with a high risk of forced labor and child labor based on prevalence rates.



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- Human Rights Risk Atlas: Helps organizations evaluate risks at a granular level, including specific supply chain tiers.
  - U.S. Department of Labor’s List of Goods Produced by Child Labor or Forced Labor: Lists goods and their source countries where there is evidence of child labor or forced labor.
  - Internal supplier assessments using predefined risk criteria.

#### 4. Challenges

While conducting the risk assessment, we faced the following challenges:

- Limited transparency in extended supply chain tiers.
- Varying levels of cooperation and data availability from suppliers.

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### Policies and Governance

This section details Stephano Group’s framework for preventing and addressing forced labor and child labor within its operations and supply chain.

#### 1. Corporate Policies

The following policies reflect our commitment to ethical sourcing and human rights:

- **Code of Conduct:** Our Code of Conduct mandates that all suppliers adhere to international labor standards, including the prohibition of forced labor and child labor.
- **Human Rights Policy:** This policy outlines our commitment to the principles set forth in the UN Guiding Principles on Business and Human Rights and the International Labour Organization (ILO) conventions.
- **Supplier Standards:** Suppliers are required to comply with our ethical sourcing guidelines, which prohibit forced labor, child labor, and other forms of exploitation.

#### 2. Oversight and Accountability

- **Governance Structure:** Oversight of our compliance efforts is managed by the supply chain director and procurement team, which reports directly to the Board of Directors.
- **Executive Leadership:** Senior executives, including the president Noah Frank, Chief Executive Officer Sean Frank, are responsible for implementing and monitoring policies related to forced labor and child labor.



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- **Supplier Contracts:** Our supplier agreements include clauses requiring adherence to our Code of Conduct and ethical sourcing standards.

### 3. Monitoring and Auditing

- We regularly monitor and audit high-risk suppliers to ensure compliance with our policies. These audits may include:
  - Unannounced site visits.
  - Worker interviews and document reviews.
  - Assessments conducted by our internal personnel.
- Non-compliance findings are addressed through corrective action plans, with follow-up reviews to verify improvements.

### 4. Training and Capacity Building

- **Employees:** Training on identifying and mitigating forced labor and child labor risks is provided to employees involved in procurement and supply chain management.
- **Suppliers:** We engage suppliers through workshops and training programs to enhance their understanding of labor standards and compliance expectations.

### 5. Continuous Improvement

- We are committed to regularly reviewing and updating our policies and procedures to reflect evolving standards and best practices in addressing forced labor and child labor risks.

### I have the authority to bind Stephano Group Ltd.

- **Full name:** Hanan Salameh
- **Title:** Director of Finance
- **Date:** April 3, 2025
- **Signature:** *Hanan Salameh*