



Clover Leaf Seafoods Corporation



Introduction and Background

Clover Leaf Seafoods Corporation, Clover Leaf Seafoods Holdings Corp., and Connors Bros Marine Corp. are happy to share our first annual Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. We welcome the increased focus on advancing human rights by many governments, including the Canadian government, and we recognize the importance of establishing robust mechanisms to help ensure that labour rights are protected in the seafood and fishing industries. We recognize that the seafood industry is a labour-intensive industry and that the responsible treatment of workers in our supply chain is a complex and industry-wide challenge--one that we are working to achieve and maintain both through our own actions and through collaboration with industry partners, together with government transparency initiatives.

Clover Leaf Seafoods Holdings Corp. ("CLSHC"), a British Columbia corporation, is a holding company that owns both Clover Leaf Seafoods Corp. ("CLSC"), a British Columbia corporation, and Connors Bros Marine Corp. ("Connors"), a British Columbia corporation. As used throughout, Clover Leaf shall refer collectively to both operating companies.

CLSC's headquarters are in Markham, Ontario and it has a sales office in St. John, New Brunswick and a sardine processing factory in Blacks Harbour, New Brunswick. CLSC has 54 employees in Markham, 13 employees in St. John and 439 employees in Blacks Harbour (the number of employees in Blacks Harbour increases by approximately 30 employees during the peak processing season). Connors has 40 employees located in Blacks Harbour, New Brunswick. CLSCH is a holding company with no employees and its headquarters are located in

Ontario. Clover Leaf, along with our sister company, Bumble Bee Foods, LLC (“Bumble Bee”), is owned by FCF Co. Ltd (“FCF”).

CLSC is a leading marketer of canned seafood in Canada and international markets, selling shelf-stable, refrigerated, and frozen products primarily under the Clover Leaf and Brunswick brands in Canada and internationally primarily under the Brunswick and Bumble Bee brands. Products include tuna, salmon, oysters, mussels, clams, shrimp, crab, surimi and sardines.

CLSC owns a sardine processing facility in New Brunswick that manufactures product for Canada and for export to international markets. Connors owns twelve (12) sardine fishing vessels (3 purse seiners, 7 carriers and 2 seine boats) that supply the New Brunswick factory. The remainder of our products are produced by third-party packers outside Canada. The primary processing locations (outside of Canada) for products sold in Canada are Thailand, the United States, Poland and Morocco, with specialty products (clams, oysters, crab, mussels, and shrimp) also sourced from Indonesia, Vietnam, South Korea and China. For products sold outside of Canada, our processing locations (outside of Canada) include the United States, Thailand, Ecuador, Philippines, Poland, South Korea and Trinidad.

Relevant Policies and Training

Clover Leaf addresses forced and child labour in its internal *Code of Conduct* and also in its external facing *Supplier Code of Conduct*¹, both of which were in place prior to and during the entire reporting period (the Supplier Code of Conduct linked below is substantially similar to the version in effect during 2023). Our *Supplier Code of Conduct* prohibits the use of child and forced labour in our suppliers’ supply chains, and we require all suppliers to acknowledge their compliance with the code (or, on occasion, their own code if it meets all the same requirements).

In addition, the Chief Compliance Officer emails each new direct supplier of finished goods, raw materials, and/or ingredients a questionnaire that addresses worker health and safety as well as other social standards related to recruitment and employment. Enclosed within the questionnaire is a link to Clover Leaf’s *Supplier Code of Conduct*. The supplier then checks a box

¹ [Clover-Leaf-Seafoods-Corporation-Supplier-Code-of-Conduct-EN-ver-MAR12-2024.pdf \(cloverleaf.ca\)](https://www.cloverleaf.ca/~/media/CLSC/Supplier-Code-of-Conduct-EN-ver-MAR12-2024.pdf)

acknowledging reading and abiding by the *Supplier Code of Conduct*². Each new supplier's information is also submitted to a third-party service provider who assesses risk using an algorithm based on geographical location and what is produced. This service continually monitors risk associated with the suppliers. If a supplier fails to comply with the *Supplier Code of Conduct*, it is required to immediately implement corrective action. If it is unable or unwilling to demonstrate compliance in a timely manner through immediate corrective action, Clover Leaf may terminate its agreements with the supplier. Any resumption of business following termination requires corrective actions by the supplier and the completion of an audit that satisfies Clover Leaf that the supplier complies with any applicable laws and regulations as well as the *Supplier Code of Conduct*.

Clover Leaf also has a policy addressing child labour and appropriate remediation and a *Report a Concern* policy that requires employees to report activity that violates law, regulations, policy or Clover Leaf's internal *Code of Conduct*. The internal *Code of Conduct* also addresses forced and child labour and requires employees to report any suspicion of any activity impacting human rights. The *Report a Concern* policy provides several methods of reporting including an independent third-party provider where the reporting may be anonymous, providing assurance against retaliation.

Clover Leaf has developed a training program for all salaried employees that covers key components of our *Code of Conduct* including identifying and preventing forced and child labour. Specifically, one of our 2023 training courses was entitled "Global Human Trafficking Awareness" and it covered multi-faceted sub-topics concerning human trafficking – including, for example, forced labour and child labour. The online training was developed externally by Skillsoft, a third-party training vendor. The course was mandatory for all salaried Clover Leaf employees, which encompasses all employees making contracting or purchasing decisions. The course assessed enrollees' knowledge as it progressed. Enrollees were required to complete the training and attendance was recorded.

² In certain limited cases where a supplier is unwilling or unable to complete this online process, they are required to sign Clover Leaf's Continuing Product Guarantee which states that product or ingredient that they are supplying will be manufactured in a facility that complies with Clover Leaf's *Supplier Code of Conduct*.

One way that we assess our effectiveness in preventing the use of forced labour and child labour in our business and supply chains is through a regular review of our policies and procedures. Our *Supplier Code of Conduct* is regularly updated as we learn of new risks or best practices and as we benchmark against policies of other companies with similar risk profiles.

Assessment of Risk

Clover Leaf uses guidance from expert indices to determine areas of its supply chain with higher levels of labour risks to focus third party social audits and corrective action plans. In addition, Clover Leaf's sister company, Bumble Bee, and parent company, FCF, are active members in the Seafood Task Force ("STF"), which is a leading trade association of seafood companies working together to improve labour practices in key supply chains such as tuna. As leading members of the STF, Bumble Bee and FCF support the development of STF codes of conduct and vessel audit protocols that members agree to adhere to.

Vessels

One part of our supply chain with elevated risk of forced labour are the tuna fishing vessels. While Clover Leaf does not source its tuna directly, we understand that the vessels from which the tuna is sourced carry a risk of forced labour due to the inherent nature of distant water fishing. Tuna migrate large distances across the oceans and do not appear at a fixed time or place. As a result, fishers on these vessels are often at sea for extended periods of time, in remote locations, which can limit opportunities for monitoring and oversight. Other factors creating risk include the widespread use of recruiting agencies and issues relating to language barriers between workers and recruiters and/or other crew members, which can result in situations where a fisher may not understand their rights or have the ability to effectively communicate grievances and seek remedial action.

Clover Leaf takes a number of steps to assess and mitigate the risk of forced labour on its supplying tuna fishing vessels including:

1. **Third Party Audits.** To assess and manage this risk, our parent company and primary tuna supplier, FCF, audits a portion of its suppliers (the vessels) on a regular basis and if

needed, establishes corrective action plans. Since 2021, all such audits have been conducted by independent third parties.

2. **Ensure Full Traceability of the Tuna Supply Chain.** Clover Leaf and Bumble Bee have an established traceability system that enables fish supply chain transparency to the vessel level. This is important to help accurately identify areas of social and labour risks and quickly implement corrective action if issues arise.
3. **Giving Fishers a Voice to Air Grievances.** As noted above, a challenge in the high seas tuna fishing industry is the lack of a formal and efficient system for crew members to voice their concerns or grievances and have them resolved in an objective, and equitable manner. In recognition of this challenge, our parent company, FCF, has developed and is deploying a Worker's Voice Program to provide a secure platform for crew to raise their complaints or grievances anonymously and independently to a third-party non-governmental organization. By having an anonymous mechanism in place, crew members are empowered to voice their concerns without fear of retaliation or reprisal. The system uses the crew's native language and is easy to use and free of charge. The project is a collaboration between various organizations, including the Seamen and Fishermen's Service Center, an organization affiliated with the Peace and Social Welfare Charitable Foundation of the Presbyterian Church in Taiwan. Crew members can submit complaints through a QR-Code or a mobile app, and the Service Center facilitates communication and negotiation between the crew and fishing companies, ensuring continuous support until the resolution of each case. In complex situations, the involvement of labour brokers, associations, or the Taiwan Fisheries Agency is sought.
4. **Advocating for Responsible Recruitment.** Our parent company, FCF, is actively engaging with an Indonesia Fisherman Association (INFISA) with respect to a Responsible Recruitment Program to educate local recruiting agencies. The goal of this partnership is to help these agencies understand and adopt industry best practices in supplying fishers to distant water fleets, and to communicate effectively to workers on their rights and responsibilities.

The sardine fishing vessels owned by Connors Bros. Marine are audited annually by the Canadian Government and corrective plans are established, as necessary.

Processing Facilities

The third-party facilities that supply Clover Leaf with its products are subject to third party social audits that are in line with leading social audit standards such as: SEDEX Members Ethical Trade Audit (SMETA), Amfori, Business Social Compliance Initiative (BSCI), and Social Accountability International (SA8000). These audits typically take place every two to three years depending on the level of risk based on the supplier's country of operation.

While CLSC does employ foreign temporary workers at its sardine factory in Blacks Harbour, New Brunswick, we believe that this carries a minimal risk for forced and child labour because we adhere to all the requirements of the government's Temporary Foreign Workers (TFW) program and the *Employment Standards Act*, SNB 1982, c E-7.2 as applicable. The program requires an employer application process, strict regulations around recruitment, position, wages, guaranteed hours of work, housing, health benefits coverage, and legal adherence to all applicable employment laws and government audits. Fines are issued for non-compliance.

Remediation

In the event that we learn of any credible evidence of forced or child labour with respect to a manufacturing facility or vessel from which we source, we will no longer accept products from the supplier or fish from that vessel unless and until the identified issues are remediated. In addition, Clover Leaf (typically through Bumble Bee or FCF) will attempt to work with that facility or vessel to provide necessary assistance to remediate the identified issues.

While we did not find credible evidence of forced labor in our supply chain in 2023, we did find some other issues relating to recruitment agency registrations and allegations of IUU (illegal, unreported and/or unregulated) fishing by some vessels in our tuna supply chain. We promptly put those vessels on an exclusion list and will not source from them until satisfactory corrective actions have been taken.

As Clover Leaf did not identify any forced or child labour in its supply chain for the 2023 fiscal year, we have not identified an opportunity to take part in directly remediating the loss of income

to the most vulnerable families resulting from measures taken to eliminate the use of forced labor or child labor in its supply chain.

Signature

This report was approved by the Board of Directors of each of Clover Leaf Seafoods Holding Corp., Clover Leaf Seafoods Corp., and Connors Bros. Marine Corp. on May 14, 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.

I have the authority to bind Clover Leaf Seafoods Holding Corp., and Clover Leaf Seafoods Corp.

A handwritten signature in black ink, appearing to be 'Andrew Choe', with a long horizontal stroke extending to the right.

Andrew Choe, Chief Executive Officer, Clover Leaf Seafoods Holding Corp. and Clover Leaf Seafoods Corp.; Director, Clover Leaf Seafoods Holding Corp., Connors Bros. Marine Corp., and Clover Leaf Seafoods Corp.

Date: May 21, 2024

I have the authority to bind Connors Bros. Marine Corp.

A handwritten signature in blue ink, appearing to be 'Matt Walsh', with a stylized, cursive script.

Matt Walsh, President, Connors Bros. Marine Corp.

Date: May 21, 2024