



# Forced Labour in Supply Chains

## Bill S-211

Fit Foods Report

May 2024



Fit Foods Ltd.

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## Introduction

This report is Fit Foods Ltd.'s response to comply with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act ("the Act") for the financial year ending November 30, 2023.

The reporting entity covered by this statement is Fit Foods Ltd.

For the purposes of the Act, Fit Foods Ltd. ("Fit Foods", "The entity") meets the entity definition by having a business in Canada, does business in Canada, has assets in Canada, and meets the threshold for revenue, and assets. Fit Foods is incorporated provincially in Canada and is obligated to submit a report to the Minister of Public Safety and provide a public report in response the Supply Chains Act by May 31, 2024.

Fit Foods strives to be an industry leader and expects its representatives to act with accountability, commitment to excellence, integrity, respect, responsiveness and flexibility and transparency. Forced labour and child labour is contrary to our statement of purpose, vision, and values, therefore Fit Foods does not endorse any human trafficking and modern slavery within its organization or any organization with whom it conducts business with.



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## 1. Structure, Activities and Supply Chain

Fit Foods is a privately owned company that manufactures and distributes a wide range of healthy lifestyle and sports supplement products to over 70 countries. Fit Foods operates its own NHP site-licensed and certified organic manufacturing facility, and it holds both an EU registration and a CFIA site manufacturing license for export.

Fit Foods produces its own brands, including MUTANT, PVL, Whey Gourmet, and North Coast Naturals. Additionally, Fit Foods offers global distribution solutions, providing a diverse range of products from vegan and certified organic options to protein powders and bodybuilding weight gainers.

The North American Industry Classification System (NAICS) Canada 2022 Version 1.0 was used to classify the sectors within Fit Foods's supply chain and related activities.

Sectors within Fit Foods's supply chain include:

- 31 – Manufacturing
  - 311 – Food manufacturing
    - 31199 - All other food manufacturing
- 45 – Retail trade
  - 454 - Non-store retailers
    - 454110 - Electronic shopping and mail-order houses
- 41 – Wholesale trade
  - 413 - Food, beverage and tobacco merchant wholesalers
    - 413190 - Other specialty-line food merchant wholesalers

## 2. Policies and Processes in Relation to Forced and Child Labour

There were no policies or processes in place for the previous reporting year which focused on forced or child labour.



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However, Fit Foods maintains comprehensive Purchasing Policies and a Supply Chain Code of Ethics across the organization. Honesty and due diligence are fundamental to all supply chain activities, both internal and external. Additionally, Fit Foods strictly adheres to federal employment standards in Canada in all its operations.

Fit Foods is looking to develop and implement supply chain policies and procedures which will also include sections which specifically address the requirements of having transparency in supply chains around child and forced labor. Additionally, Fit Foods plans to engage with supply chain partners, local communities, and other stakeholders on the issue of addressing forced labour and child labour.

### 3. Identification of Forced and Child Labour Risk

To understand where in the supply chain forced or child labour risks may exist, Fit Foods recently carried out a risk assessment process. This process was guided by insights provided by the Walk Free Global Slavery Index, the OECD Due Diligence Guidance for Responsible Business Conduct, and by the US Department of Labor's List of Goods produced by Child Labour or Forced Labour.

Our risk identification exercise does not presuppose the actual use of forced or child labour within our operations or supply chains, rather, it is aimed at recognizing potential scenarios where such risks might arise, thereby further enabling us to implement effective preventative measures. Our assessment acknowledges that no industry is entirely exempt from the risks of forced and child labour, and there are inherent vulnerabilities within certain sectors of our supply chain, particularly in regions where regulatory frameworks and enforcement mechanisms may not be robust.

Our analysis considered specific geographic regions that, according to the Walk Free Global Slavery Index and other credible sources, present a higher risk of forced and child labour practices. This geographic risk assessment, was combined with an assessment of at-risk-goods categories, further enabling us to apply a targeted lens to our risk assessment.



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## Risk Assessment Findings

Through the application of the analysis, Fit Foods identified the following countries which have a heightened risk of having child or forced labor in their supply chains – India, Philippines, Colombia, Hungary, Lithuania, Peru, Mexico, Türkiye, and Indonesia. It is important to note that these countries account for less than 3% of the total supply chain spend amount. On the other hand, 97% of the supply chain spend is associated with countries having a low prevalence of forced or child labour, with the US alone accounting for 62% of the supply chain spend amount.

Fit Foods also considered the data from the US Department of Labor’s List of Goods Produced by Child Labour or Forced Labour. This is an important step in isolating specific goods from our import portfolio, or our suppliers’ import portfolio that may be susceptible to forced or child labour. In our assessment, we found that none of our imports are subject to a risk of being associated with forced or child labour practices.

Overall, the findings from our risk assessment suggest that there is minimal exposure to forced and child labour risks within the supply chain in the context of overall supply chain expenditures.

### 4. Remediation of Forced and Child Labour

After a thorough analysis of our supply chain, Fit Foods has not found any instances of forced and child labour in the previous fiscal year.

If Fit Foods identifies or comes across any forced or child labour instance within our supply chain, we will adhere to the guidance provided by Public Safety Canada and refer to the OECD guidelines to chart out an appropriate course of forced or child labour remediation.

### 5. Remediation of Loss of Income

After a thorough analysis of our supply chain, Fit Foods has not found any instances of forced and child labour in the previous fiscal year, and hence, have not identified any vulnerable families which may have experienced a loss of income.



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If Fit Foods identifies or comes across any forced or child labour instance within our supply chain, we will adhere to the guidance provided by Public Safety Canada and refer to the OECD guidelines to chart out an appropriate course of loss of income remediation.

## 6. Employee Training

Currently there is no formal training that is provided to the employees of Fit Foods that focuses on forced or child labor.

However, Fit Foods has an established and comprehensive training framework for its employees focused on job task training, MRP training, and PO training. In addition, the company has implemented detailed policies and procedures for purchasing.

Fit Foods recognizes the importance of raising awareness among its employees about forced and child labor in supply chains. Fit Foods plans to incorporate training on Bill S-211 Section C-9 into its annual mandatory training program for all employees involved in procurement activities. Additionally, the company intends to hold future awareness sessions on this issue and risks for its employees.

## 7. Assessing Effectiveness

Fit Foods is not able to determine current effectiveness of measures to assess and manage our risk of forced labour and child labour for this last reporting period.

However, Fit Foods has a comprehensive product review process wherein both the Research and Development (R&D) and Quality Assurance (QA) teams meticulously review products and associated documentation to ensure they meet all specified requirements.

Going forward, Fit Foods will require vendors to provide an annual attestation and updated product forms to ensure continuous monitoring and compliance with the Act.



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Fit Foods is committed to continuous improvement on this subject as an organization to ensure transparency and accountability in our supply chain operations.



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### 8. Approval and Attestation of the Report

In accordance with the requirements of the Act, and in particular Section 11, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable due 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:  Lucas Lajlo

Title:  CFO/COO

Date:  05/30/24

Signature:  

“I have the authority to bind Fit Foods Ltd.”



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