

Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211)

Reporting Year: October 1st, 2023 – September 30th, 2024

Introduction

This report has been prepared by Seoul Trading Corp. (“STC”) in response to the requirements under Canada’s Fighting Against Forced Labour and Child Labour in Supply Chain Act (the Act) for our fiscal year ending September 30th, 2024.

STC acknowledges the risks of forced labour and child labour in the global supply chain. We are committed to continuous improvement in our due diligence, risk assessment, remediation and training processes. We are also committed to promoting labour practices that protect the safety and human rights of workers, as well as preventing and mitigating the risks of forced labour and child labour in our operations and supply chains.

STC supports the fundamental human rights principles set forth in the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

We acknowledge our responsibility to respect human rights and avoid complicity in human rights abuses.

STC does not knowingly use child labour or forced labour in any of our operations nor do we knowingly accept commodities, products and/or services from suppliers that employ or use forced labour or child labour.

Organizational structure, activities, and supply chain

Structure

STC is an importing and wholesale company that imports various food from Korea, China, the USA and other countries and distributes to retail and food services in BC, AB, SK, and MB, Canada. We are incorporated under the Company Act of British Columbia and governed by the laws of British Columbia, Canada. The headquarters is located in British Columbia and also Seoul Trading Corp. operates in Edmonton and Calgary in Alberta as well.

Activities and Supply Chain

This report describes STC’s business activities with respect to the sale and distribution of goods in Canada and outside of Canada and the importation of goods into Canada.

Importation

STC imports the dry, fresh and frozen groceries, and houseware products. STC imports over 4,000 SKU from over 5 countries (South Korea, China, Japan, USA, and so on).

Distribution

STC owns warehouses to centralize goods and manage inventory and logistics. In Canada, our distribution operations include both an owned and a third-party distribution cent in Port Coquitlam.

Our three major distribution centres are located in Port Coquitlam, British Columbia, Calgary, Alberta, and Edmonton, Alberta.

STC distributes the imported and local buying products to H-Marts in British Columbia and Alberta, Korean, and Chinese markets in BC, AB, SK, and MB, and restaurants and other distributors in BC and AB.

We are committed to supporting local vendors in the communities we serve wherever possible. We procure approximately 70% of our goods sold through markets and approximately 30% of goods sold through restaurants and distributors.

Steps to prevent and reduce the risk of forced labour and child labour

At Seoul Trading Corp., we seek to work with suppliers that share our commitment to responsible business conduct. STC takes the following steps to prevent and reduce the risk of forced labour or child labour in our operations and supply chain:

- Developing an action plan for addressing forced labour and child labour where risks are identified
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and child labour in our activities and supply chain
- Setting the expectation that our suppliers and contractors to have in place policies and procedures for identifying and prohibiting the use of forced labour and child labour in their activities and supply chains
- Developing and implementing anti-forced labour and anti-child labour contractual clauses for our supplier
- Building on our previous work to adopt a Supplier Code of Conduct and Ethics, by developing anti-forced labour and child labour standards and codes of conduct
- Using the grievance mechanism a Whistleblower hotline, to ensure that complaints or concerns relating to forced labour and child labour are heard and adequately addressed

Policies against forced labour and child labour

STC is working on sustainability throughout the company and have begun tracking, monitoring and reporting on topics that we have identified as material to our business. Employee health and safety standards are a primary focus within our sustainability efforts. As such, the policies outlined below are the initial steps we've taken to identify human welfare and labour rights issues within our supply chain.

Forced Labour

STC do not tolerate any form of abusive or illegal labour in our supply chain such as forced labour or human trafficking. We require that all labour in its supply chain be voluntary and that workers are allowed freedom of movement. Supplier efforts to prevent forced labour shall include but are not limited to:

1. Ensure all overtime is voluntary.
2. Ensure that if entrances are guarded for security reasons, workers shall have free egress at all time.
3. Not employ tactics to prevent workers from leaving at will, such as withholding salary as a “year-end bonus” or charging a penalty when workers terminate their contract, or by withholding any personal identification documents such as IDs and passports.
4. Ensure that beyond reasonable restrictions, workers can move freely within the facility to use the washroom, drink water, and take designated breaks.
5. Ensure that workers are allowed to leave freely at the end of the shift during the shift under extenuating circumstances like illness or family emergencies.

Child Labour

STC do not tolerate any form of child labour in our supply chain. We expect our suppliers to prevent child labour in their operations and encourage our suppliers to participate in industry efforts aimed at the elimination of such practices wherever they exist in the supply chain. Supplier effort to prevent child labour shall include, but are not limited to:

1. Ensure all workers meet the applicable legal minimum age requirements.
2. Have a rigorous age verification procedure that includes maintaining copies of official government-authenticated documentation for every worker and confirmation of the worker’s date of birth. In countries where official proof-of-age documents, birth certificates, or government-issued IDs are not available, the supplier shall employ independent and reliable means for determining workers’ age. In countries where no reliable documentation exists, the supplier shall implement a recruitment system that appropriately assesses the age of potential workers.
3. Take all necessary precautions to ensure that young/juvenile workers, under the age of 18, are protected from working conditions that could pose a danger to their health, safety, or development (this includes restrictions on night work, any job functions considered hazardous, etc.).
4. Obtain necessary legal approvals (permits/medical check-up records, etc.) for all young/juvenile workers.
5. Have the required tracking system for all young/juvenile workers.
6. Comply with all education-related government programs.

Humane Treatment

Supplier efforts to ensure humane treatment shall include but are not limited to:

1. Treat all workers with respect and dignity.

2. Not use corporal punishment or any other form of physical or psychological coercion.
3. Not use physical corporal punishment, force that causes bodily harm or pain, or other forms of physical contact to punish or coerce workers.
4. Not engage in or permit psychological coercion or any other form of non-physical abuse, including threats of violence, sexual harassment, screaming, or other verbal abuse.
5. Have a policy that clarifies and standardized discipline. Disciplinary actions and processes shall consist of an escalating series of actions, starting with warnings, followed by disciplinary actions (e.g. from verbal warning, written notices, to suspension and termination).
6. Maintain written records of disciplinary actions taken. Discipline, either in policy or in practice, shall meet applicable laws and requirements of this Code.
7. Formally communicate with workers the rules and disciplinary processes at the time of hire.

Due diligence of STC's suppliers of goods

As stated by Public Safety Canada "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 risk occur primarily through the global supply chains of business. 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."

STC's policies has been established to enable us to prioritize key risks formalize risk-related accountabilities and oversight, develop and implement strategies to manage risk, and reinforce our culture around risk management. Risk factors considered include employment and labour compliance, and local and ethical sourcing.

STC has adopted the following policies and processes in relation to its key suppliers of the products that we handle. STC has started to engage with our key suppliers to assess, mitigate and prevent the risks of human rights violations. All of our new direct suppliers are required to agree to our Supplier Code of Conduct and Human Rights Policy Statement as part of their onboarding process. As noted above, our Supplier Code of Conduct includes zero tolerance for forced labour or child labour in the supplier's operations. These supplier, upon request, are required to agree a statement of compliance with the Supplier Code of Conduct. STC reserves the right to conduct audits on our key suppliers to ensure compliance with these policies.

Mitigating and remediating the risk of forced labour and child labour in the supply chain

Seoul Trading Corp. acknowledges that understanding the risks of forced labour and child labour in our supply chains is critical to targeting our actions and engagement with our suppliers. In line with the UN Guiding Principles, identifying and prioritizing the most salient risks connected to our operations and business relationships is key to preventing and mitigating forced labour and child labour. We are committed to improving our understanding of the risks in our supply chain.

We recognize risks of forced labour and child labour in the global supply chain including vulnerable populations, such as domestic and foreign migrant workers, temporary workers, and young workers, and region-specific risks, such as countries with large populations of migrant workers.

We require our supplier and business partners to communicate and enforce Code within their organizations and throughout their supply chain by adopting efficient management systems, policies, procedures, and training to uphold the standards set forth in our Code within their own business operations.

STC maintains the right to take action, including on-site inspections of the supplier's facilities and review of any applicable books, records, certifications and other documentations in order to assess compliance with this Code. It is the expectation of STC that our suppliers will take timely corrective action to remedy any identified noncompliance. The supplier should provide employees and their business partners with access to adequate reporting channels to raise legal or ethical issues or concerns, including reports of a violation of this Code, without fear of retaliation, including opportunities for anonymous reporting. STC reserves the right to discontinue business with any supplier who fails to adhere to this Code.

Grievance Channels and Retaliation

Suppliers shall implement and maintain programs that ensure confidentiality, anonymity, and protection of supplier and employee whistleblowers. The supplier should have a communication process for their personnel to be able to raise any concerns without fear of retaliation. STC expects suppliers to provide grievance mechanisms that are transparent, responsive, anonymous, unbiased, and confidential to workers and other parties across the supply chain. Worker grievance channels and retaliation requirements include but are not limited to the following:

1. Workers know of and have access to grievance mechanisms with allow for anonymous reporting. Reported concerns and violations are addressed in a timely manner and follow a clearly outlined process.
2. Workers who speak up in good faith are protected from retribution, retaliation, and reprisal.
3. Grievances and management action are well documented.
4. STC is promptly notified if any concerns or violations are reported through the grievance mechanism that are in direct violation of this Supplier Code of Conduct.

In the event that an issue is discovered regarding forced labour, suppliers are required to:

1. Immediately notify STC of the issue and goods impacted.
2. Where improvements are required, suppliers are to work with suppliers and partner facilities to identify and correct issues.
3. In cases of continued uncorrected actions, supplier(s) are to hold partner facilities accountable and take appropriate mitigating action up to and including terminating the relationship.



Employee training

Currently, Seoul Trading Corp. does not provide formal training to employees on forced labour and child labour, and we have not yet assessed our effectiveness in preventing and reducing the risk of forced labour and child labour in our supply chain activities.

Closing

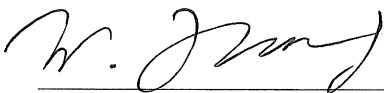
STC recognize the importance of distributing our products in a legal, ethical, and responsible manner consistent with the standards. We expect the same from our suppliers, and we focus on building long-term partnerships with strategic suppliers who demonstrate a commitment to engaging their workers and providing safe working conditions. This includes working to combat the risks of forced and child labour. We are growing our business responsibly through relationships with suppliers who seek to uphold our standards of sustainability and human rights, product excellence, and compliance with the laws. We look forward to continually evolving the strength of our policies and procedures to protect human welfare and labour rights.

Approval and attestation

This report has been approved by the Director of Seoul Trading Corp. In accordance with the requirements of the Act, and in particular section 11 therefore, we attest that we have reviewed the information contained in the report for the entity or entities listed above. Based on our knowledge, and having exercised reasonable diligence, we 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 Seoul Trading Corp.

Date in the City of Port Coquitlam, British Columbia, this 27th day of May, 2024.



Woo Hyung Hwang
Director of Seoul Trading Corp.