

# Championing Human Rights: Shafer-Haggart Ltd.'s Stand Against Forced and Child Labour

This statement is issued in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chain Act of October 17, 2023. It serves as Shafer-Haggart Ltd.'s Modern Slavery Statement for the financial year 2023.

## Introduction

At Shafer-Haggart Ltd., we are committed to maintaining a robust and resilient supply chain that upholds international human rights and labour standards. Acknowledging our responsibility, we actively strive to ensure the well-being of the individuals producing our products and contribute to the eradication of modern slavery, including forced and child labour and human trafficking, within our supply chain.

Since 2020, our organization has actively participated in the Business Social Compliance Initiative (BSCI) as a proud member of amfori. Furthermore, our company holds membership with SMETA Sedex, underscoring our dedication to responsible business practices throughout the global supply chain. Additionally, we proudly adhere to the Marine Stewardship Council Chain of Custody standard, reflecting our steadfast commitment to responsibly source tuna and salmon within the approved scope.

As a responsible global sourcing entity, we align our business operations with the principles outlined in the BSCI Code of Conduct (refer to Annexure 1). Furthermore, our commitment extends to complying with globally recognized standards, including but not limited to the Universal Declaration of Human Rights, Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact, and International Labour Organization (ILO) Conventions. Consequently, Shafer-Haggart Ltd. disapproves all forms of slavery, servitude, forced or compulsory labour, child labour, and human trafficking. We are dedicated to implementing robust measures for early detection, continuous monitoring, and effective remediation of any issues within our supply chains. For additional information about Shafer-Haggart Ltd., please visit [www.shafer-haggart.com](http://www.shafer-haggart.com).

## Organisational structure

Shafer-Haggart Ltd. was established in 1934 and is a dynamic and globally oriented trading company specializing in the import and export of a diverse range of food products. The primary product range includes canned seafood, fruits, vegetables, and various other miscellaneous products catering to both retail and food service industries. Functioning on a global scale, we procure products from suppliers around the world and export to diverse markets, including Canada, the USA, the UK & Europe, and Australia. Our central office, situated at 2855 Arbutus Street, Vancouver, Canada, serves as the organizational hub, and the company does not have offices in other countries. Employing a dedicated team of 39 individuals, Shafer-Haggart Ltd. upholds a commitment to excellence and ethical business practices. In line with the company's dedication to combating modern slavery, we maintain a transparent and responsible organizational structure, ensuring the compliance with relevant laws and regulations.

## Supply chain structure

The company does not produce any of the products or own any manufacturing facility. Instead, it actively engages in global sourcing by collaborating with 91 Tier 1 direct suppliers spread across 18 countries. These suppliers are responsible for manufacturing the products sourced. Additionally, the company maintains partnerships with 18 trading entities and collaborates with Tier 2 suppliers from 15 countries to effectively fulfil the diverse requirements of its customer base.

## Internal Policies, procedures and contractual controls

Shafer-Haggart Ltd. has established comprehensive management systems, policies, and procedures to proactively prevent and address any potential adverse human rights impacts within its supply chains.

These internal measures encompass all necessary elements to implement a robust human rights due diligence process across our entire supply chain, with the aim of identifying, ceasing, preventing, or mitigating risks associated with our supply chain operations.

Key components of our internal framework include:

- **Supplier Code of Conduct (SCOC) (Annexure 2):** This document outlines the standards and expectations that suppliers must adhere to, ensuring alignment with our commitment to upholding and respecting the fundamental rights and freedoms of all individuals and ethical business practices. This includes the implementation of effective management systems for identifying and mitigating risks, robust workplace standards, and a commitment to eradicating forced labour, child labour, and discrimination. The implementation of the SCOC commenced in January 2024.
- **Supplier Social Compliance Self-Declaration (Annexure 3):** Suppliers are required to provide a self-declaration confirming their adherence to social compliance standards, allowing us to assess and verify their commitment to human rights principles. The implementation of the Supplier Social Compliance Self-Declaration commenced in 2021.
- **Corporate Responsibility & Responsible Sourcing Policy (Annexure 4):** This policy document emphasizes corporate responsibility and outlines our commitment to responsible sourcing practices, placing a strong emphasis on human rights considerations within our supply chain.
- **Gender Equality Policy (Annexure 5):** This policy underscores our dedication to promoting gender equality and ensuring fair and equitable treatment of all individuals throughout our operations and supply chain.
- **Sustainably Sourced Fish & Seafood Statement (Annexure 6):** This statement reflects our commitment to sustainability by specifically addressing the sourcing practices related to Fish & Seafood. It outlines our efforts to ensure that the sourcing of Fish & Seafood aligns with ethical and environmentally responsible standards.

Through the diligent implementation of these policies and procedures, Shafer-Haggart Ltd. is dedicated to upholding the highest standards of human rights, fostering ethical practices, and establishing a sustainable and responsible supply chain. The act of signing the Supplier Code of Conduct and providing a Social Compliance declaration signifies the supplier's acknowledgment of the requirements, commitment to compliance, and understanding that any violations may lead to the termination of the business relationship with Shafer-Haggart Ltd.

The Supplier Code of Conduct (SCOC) mandates that suppliers institute effective processes for risk assessments, tracking, reporting, and remediation to identify business areas and partners at risk of forced or child labour. Suppliers are required to establish management systems, implement training programs for workers and grievance management systems. These collective measures are integral to ensuring ethical and responsible business practices throughout the entirety of the supply chain.

### **Risk Assessment and Due Diligence**

Shafer-Haggart Ltd. continually assess, mitigate and minimize the risk of Forced and Child labour within our supply chain by the selection of suppliers aligned with our business values and application of strict policies and procedures. In this context, we have undertaken the following due diligence steps.

#### ***Risk Identification***

Continuously, we keep a vigilant eye on Forced and Child labour, human rights concerns and emerging vulnerabilities by closely monitoring industry dynamics, insights from reports from civil society, International Labour Organization and amfori BSCI country risk classification to enhance our understanding. These insights, combined with on-the-ground findings, play a pivotal role in updating our operational processes, including our Supplier Social Compliance Self Declaration and Supplier Code of Conduct. We review our risk criteria and evaluate thresholds within three crucial risk categories:

- ***Country Risk Assessment:*** We employ a comprehensive process to assess overall environmental, social, and governance risks and specifically forced and child labour risks associated with each country. This assessment is conducted prior to entering a new sourcing country and annually for all existing sourcing countries. This systematic approach enables us to identify country- and region-specific risks. In regions where heightened risk is identified, we adapt our assessment methodologies accordingly.
- ***Worker-Centric Risk Assessment:*** We designate specific worker types, such as migrant, juvenile, contract, temporary, and probationary workers, as potentially vulnerable. Upon identifying the presence of these vulnerable workers using the Supplier Social Compliance Self-Declaration, we adapt our assessment process and may institute additional procedures to effectively manage the identified risks.
- ***Supplier Selection Strategy:*** At the centre of our strategy for supply chain risk management is the cultivation of enduring relationships with both Tier 1 suppliers directly sourced and Tier 2 suppliers obtained through our trading partners. This strategic approach provides avenues for the systematic identification, evaluation, and resolution of potential risks. Through the Supplier Social Self-Declaration and, where applicable, social audits, we actively monitor and effectively manage risks. We acknowledge social audits from reputable entities such as amfori BSCI, SMETA, SA8000, BAP SA, and other widely accepted industry social audits.

#### ***Mapping and monitoring our supply chains***

The ranking of major sourcing countries in the supply chain is based on the amfori BSCI Country Risk Assessment-2023 (refer to Annexure 7) and the List of Goods Produced by Child Labour or Forced Labour (2022 edition by the US Department of Labour, refer to Annexure 8) specifically focusing on the risks associated with child and forced labour. In this assessment, countries are classified into different risk categories to guide business in conducting responsible and sustainable operations.

- Very High-Risk: Nations classified as very high-risk display a notable susceptibility to child and/or forced labour infringements. Before commencing business activities in these countries, mandatory due diligence is undertaken, involving proactive measures aimed at preventing and addressing potential risks.
- High-Risk: Countries classified as high-risk present a significant threat associated with child and/or forced labour indicators. Prior to establishing a business relationship, thorough due diligence is carried out, involving investigation and research into the specific indicators within these countries.
- Medium-Risk: Countries categorized as medium-risk signal the potential for incidents linked to child and/or forced labour indicators. Before establishing business relationships, routine due diligence is undertaken to assess and address any associated risks.
- Low-Risk: Countries Nations classified as low-risk carry a low probability of risks associated with child and/or forced labour indicators. Before initiating business relationships, a foundational level of due diligence is conducted, entailing a general awareness and attention to potential new information.

Our product sourcing is strategically diversified across different risk categories for forced labour and child labour.

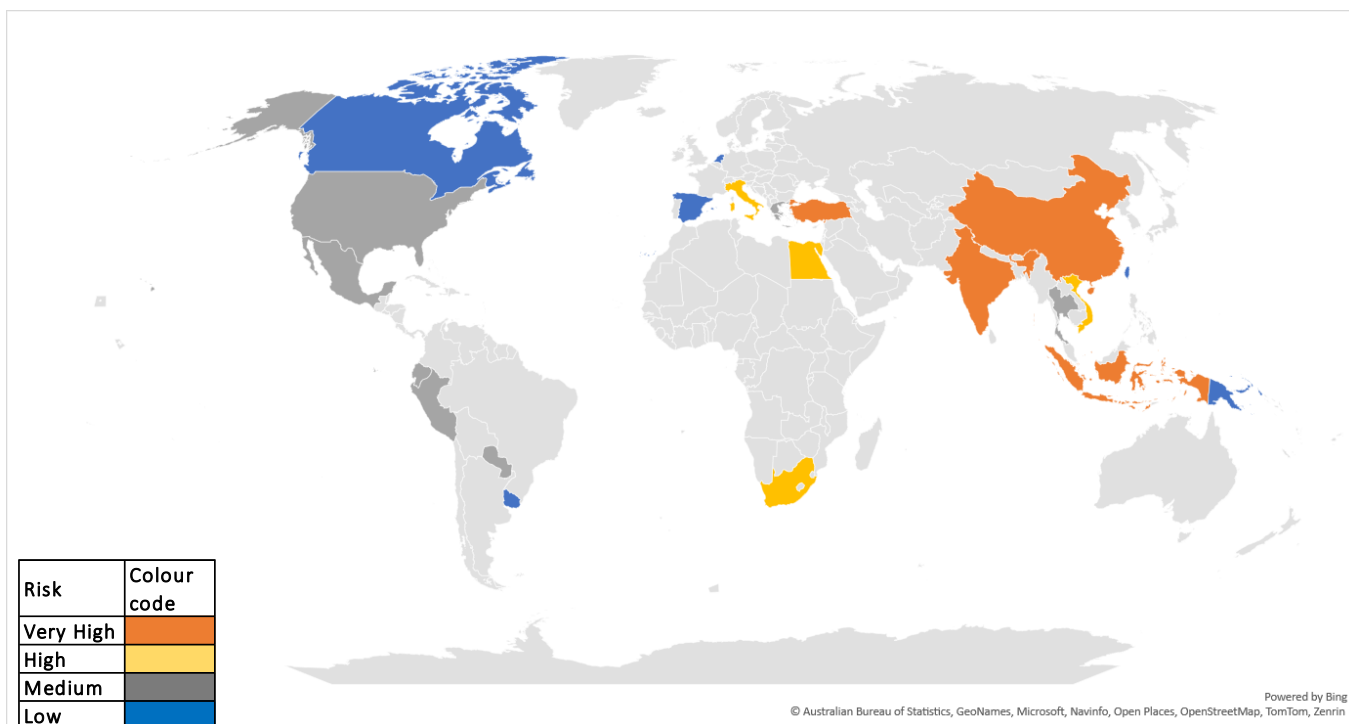
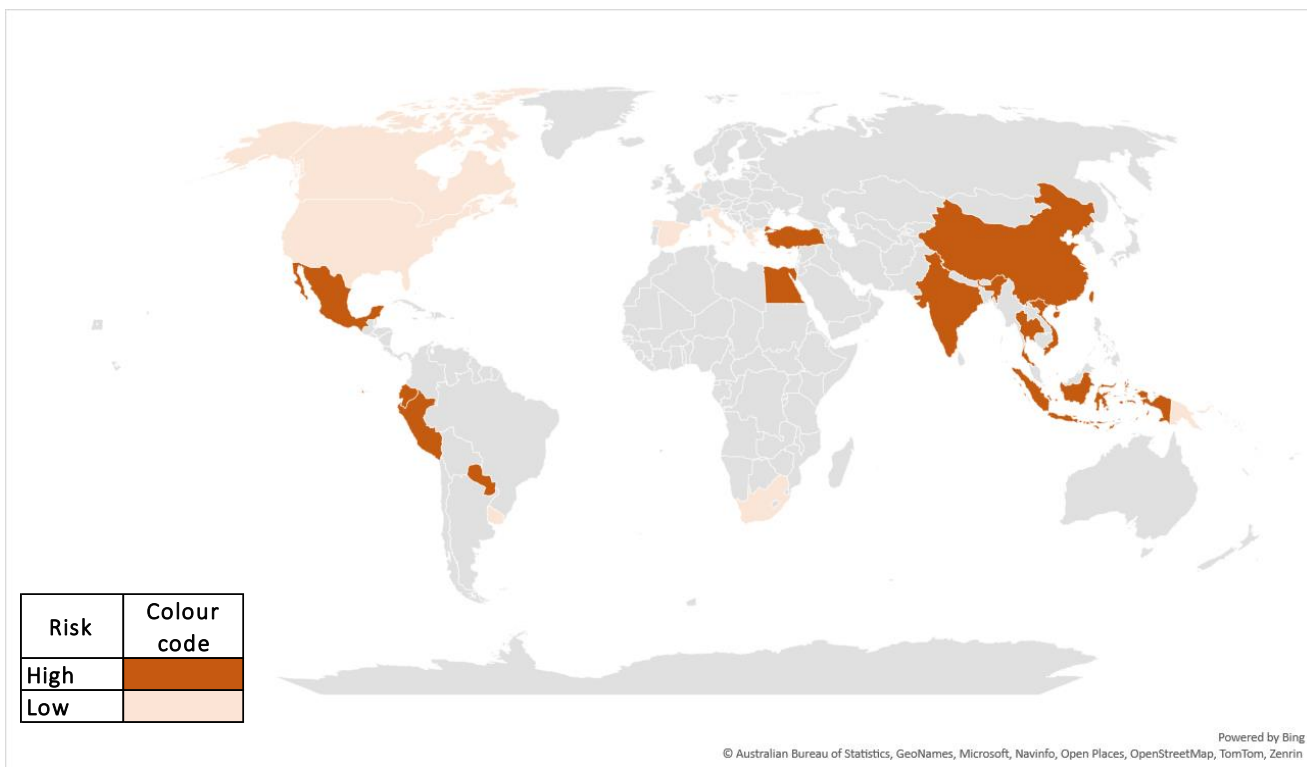


Figure 1.1 Risk of Forced Labour in Key Sourcing Countries



**Figure 1.2 Risk of Child Labour in Key Sourcing Countries**

Specifically, 33% of our products are ethically sourced from Thailand, recognizing the elevated risk of forced labour and child labour. Additionally, 20% of our products originate from China, acknowledging a very high risk of forced labour and a high risk of child labour. Furthermore, 9% of our products are sourced from Italy, a country with a medium risk of forced labour and a low risk of child labour. Meanwhile, 6.8 % of our products are procured from the Philippines, a country with a high risk of both forced and child labour. Finally, 6.7% of our products are sourced from Peru, which carries a high risk for both child and forced labour. These risk assessments are based on classifications from authoritative sources, including the International Labour Organization, amfori BSCI Country Risk Assessment-2023 (refer to Annexure 7), and the List of Goods Produced by Child Labour or Forced Labour (2022 edition) by the US Department of Labour, detailed in Annexure 8).

This risk assessment underscores our commitment to identifying countries with potential risks of forced and child labour within our supply chain.

To ensure ethical sourcing practices, we gather and assess information about our business partners' responsible behaviour, utilizing tools such as the Supplier Social Compliance Self-Declaration and where applicable, using third-party social audit reports (such as amfori BSCI, SEDEX SMETA, SA 8000, or other industry-accepted audits). The third-party social audits are conducted at intervals ranging from 12 to 36 months, determined by the validity period. Upon the initial contract award, suppliers receive the Supplier Social Compliance Self-Declaration form. This form is a recurrent obligation and will be shared

annually with all active suppliers. Should non-compliance incidents arise, additional assessments may be initiated as deemed necessary.

In line with our commitment to ethical standards, we have instituted a protocol where countries categorized as "very high" or "high" risk are obligated to undergo a comprehensive social audit or, at the minimum, adhere to the Shafer-Haggart Supplier Code of Conduct to qualify for consideration as a supplier to Shafer-Haggart Ltd., effective from January 2024. This stringent criterion is established to ensure that our suppliers not only conform to the highest standards in labour practices but also actively participate in endeavours to mitigate the risk of forced labour within their operations.

Shafer-Haggart Ltd. is dedicated to cultivating ethical and sustainable practices across the global supply chain. The emphasis on transparency, collaboration, and continuous improvement underscores Shafer-Haggart's commitment to promptly addressing challenges and promoting responsible business practices. Notably, in the financial year 2023, there have been no reported instances of child labour or forced labour within the supply chain. This underscores the company's unwavering dedication to upholding the highest standards of social responsibility.

### ***Training***

Shafer-Haggart Ltd. is committed to actively advocating for human rights. Starting from January 2024, we are taking proactive measures to raise awareness within our internal staff and key suppliers regarding modern slavery. Our dedicated training sessions will emphasize the critical importance of conducting thorough due diligence in our supply chain to ensure that ethical standards are upheld by all our business partners.

These sessions will not only provide practical guidance on recognizing signs of forced and child labour but will also empower our team to take proactive steps in addressing and reporting any concerns they may come across. We believe in the collective responsibility of maintaining an exploitation-free supply chain, and we are committed to fostering a responsible corporate culture.

To further support this commitment, we have established clear reporting channels for our employees to voice any suspicions they may have. By doing so, we aim to create a workplace environment where everyone plays a role in ensuring the integrity of our supply chain and upholding the values of human rights and ethical business practices

### ***Assessing Effectiveness***

At Shafer-Haggart, our commitment to eliminating forced and child labour from our supply chain is an ongoing journey. Our dedication to continuous improvement is detailed in each section of this statement. To gauge the effectiveness of our commitment, we conduct annual reviews and updates of our Supplier Code of Conduct (SCOC) and Supplier Social Compliance Self-Declaration.

### ***Attestation***

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 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.



**Reg Pallard**

**Chief Financial Officer (CFO), Shafer-Haggart Ltd.**

**March 2024**

### **Annexures**

Annexure 1: BSCI Code of Conduct ([amfori-bsci-code-of-conduct-english-december-2021-v2-2-1.pdf](#))

Annexure 2: Supplier Code of Conduct (SCOC) ([shafer-haggart-ltd-supplier-code-of-conduct-version-12.pdf](#))

Annexure 3: Supplier Social Compliance Self-Declaration ([shafer-haggart-ltd-supplier-social-compliance-self-declaration-version-4.pdf](#))

Annexure 4: Corporate Responsibility & Responsible Sourcing Policy ([shafer-haggart-cr-responsible-sourcing-policy-version-1.pdf](#))

Annexure 5: Gender Equality Policy ([shafer-haggart-gender-equality-policy-version-1.pdf](#))

Annexure 6: Sustainably Sourced Fish & Seafood Statement ([shafer-haggart-sustainably-sourced-fish-seafood-statement-version-16.pdf](#))

Annexure 7: amfori BSCI Country Risk Assessment-2023 ([amfori-esg-risk-compass](#))

Annexure 8: List of Goods Produced by Child Labour or Forced Labour (2022 edition) ([list-of-goods-by-child-or-forced-labour](#))