

Taoglas Ltd (Ireland) May 2024



**Taoglas Limited (Ireland): 2023-2024 Report  
submitted to the Canadian Minister of Public  
Safety and Emergency Preparedness  
regarding the Fighting Against Forced Labour  
and Child Labour in Supply Chains Act (S.C.  
2023, c. 9)**

Monday, 27th May 2024



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## Approval & attestation

For the purposes of section 11(5) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c. 9) (hereinafter “**the Act**”),

I, Nakita McCarthy, Secretary of Taoglas Limited (Ireland) having registered address at Unit 5 Kilcannon Business Park, Old Dublin Road, Enniscorthy, Co Wexford, Y21XW56, Ireland and CRO number 390248 (‘the Company’), confirm that this Report:

- i. Was approved by a duly convened remote meeting of the Company’s Board of Directors on 31 day of May 2024.
- ii. Is made pursuant to section 11(4)(a) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c. 9) as pertaining to a single private entity.

And I so attest.

Nakita McCarthy

Signed:   
Title: Company Secretary  
Date: 31<sup>st</sup> May 2024

Please do not hesitate to contact either myself (at nmccarthy@taoglas.com) or our company’s Head of Legal Farah Haddad (at fhaddad@taoglas.com) if we can be of any further assistance,

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## Introduction

The Board of Directors of Taoglas Ltd (Ireland) is proud to be among the first cohort of companies to make a filing pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c. 9), during its inaugural year.

This Act is an important milestone in the global effort to combat instances of child- and forced-labour. We would like to commend the Minister for Public Safety and Emergency Preparedness and his team on this significant and welcome initiative.

For our company, and the wider Taoglas group, the below report represents part of an ongoing commitment to vindicate the rights of children and workers worldwide.

This year, we have launched an important compliance program, LEG-PROG-3 Child labour and Forced Labour, which sets out our strategy for child- and forced-labour. We have also released public statements on our website's Corporate Social Responsibility pages on these issues. Visit: <https://www.taoglas.com/about-taoglas/csr-corporate-social-responsibility/> for further details.

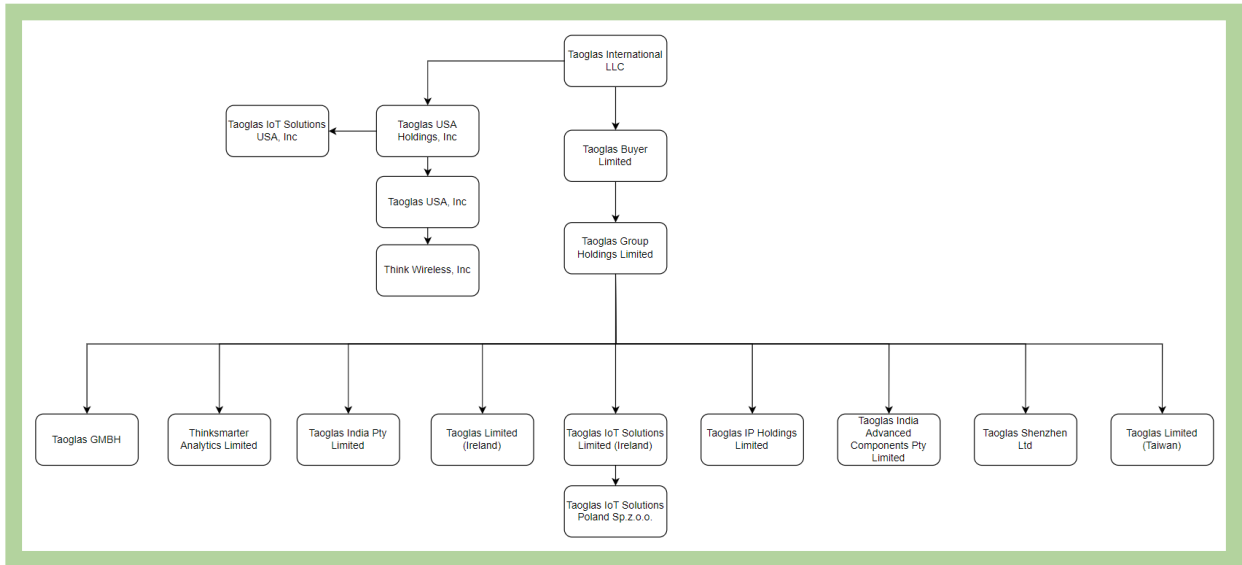
We look forward to continuing this important work in the coming years.

Ádh mór leis an obair seo!

## Our Structure, activities and supply chains

Taoglas was initially founded in Ireland in 2003 by Dermot O'Shea and Ronan Quinlan. Building a reputation for excellence in the electronics space, Taoglas group currently employs over 260 workers across the US, EMEA and APAC and continues to deliver top quality antenna and IoT solutions. We are a mid-chain supplier of goods and services in this space.

The following diagrams depict our global corporate structure and activity map:



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### Taoglas Limited (Ireland)

Our Irish entity, Taoglas Limited (Ireland) (hereafter “**Taoglas Ireland**”) carries out the following activities across two sites, Dublin & Enniscorthy:

- Sales
- Engineering
- Administration
- Finance
- HR
- Legal

While a certain volume of products are manufactured in Ireland,<sup>1</sup> the majority of work done by Taoglas Ireland pertains to:

- a. Design and research services.
- b. Brokering the sale of goods produced by other group companies in other jurisdictions. For example, Taoglas Ireland might enter a supply contract with a Canadian-based entity for goods produced in Taiwan by Taoglas Taiwan Ltd.

Therefore, in order to perform a comprehensive risk assessment on child & forced labour, a group wide approach must be taken.

In terms of our annual sales/distribution to Canada, the following table shows country breakdown for finished products and suppliers from 2023

<b>Country</b>	<b>%</b>	<b>\$m</b>
Taiwan	48%	7.4
Vietnam	12%	1.8
China	39%	6.0
Other	1%	0.2
	<b>100%</b>	<b>15.4</b>

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<sup>1</sup> Less than 1% of global output in 2023/2024.

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## Our policies

In addition to our recently completed LEG-PROG-3 Child labour and Forced Labour, the following Taoglas policies are relevant to child and forced labour:

**(Note: Bilingual documents, in English and Chinese, pertain specifically to our APAC operations.)**

- Global Recruitment and Selection Policy
- C-0009-A 全球供應商行為準則 Global Supplier Code of Conduct
- P-0803-S 供應商管理程序-Supply Chain Management Procedure
- P-0601-C 風險評估及管理程序 Risk Assessment and Management Procedure
- P-0604-D 組織前後環節及風險與機會管理程序 Organization Segments And Risk And Chance Management Procedure
- LEG-PROG-2 Supply Chain Security
- LEG-POL-3 Internal Trade Compliance Protocol
- LEG-PROG-1 Trade Management & Compliance Program
- 2022 Taoglas Standards for performing Global Business Partner Risk Assessments
- Supplier forms:
  - o Foreign Supplier CTPAT questionnaire<sup>2</sup>
  - o CM Supplier Form 成品製程
  - o Conflict Mineral Reporting Form 衝突礦產資料
  - o Supplier Information Security Questionnaire
- ISO 9001 documents:
  - o Supplier Registers
  - o QMS-03 Context and Risk Management\_v4.0
- ISO 27001 documents:
  - o ISMS-SOP-01 Risk Management
  - o ISMS-SOP-05 Change Management
  - o ISMS-REG-01 Risk Assessment and Treatment Register

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<sup>2</sup> In particular, Question 11 asks:

“Does the company have a documented social compliance program in place that, at a minimum, addresses how the company ensures goods imported into the U.S. were not mined, produced or manufactured, wholly or in part, with prohibited forms of labor, i.e., forced, imprisoned, indentured, or indentured child labor?”

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## Our due diligence processes

Taoglas draws from OECD guidance<sup>3</sup> when conducting prospective business partner due diligence. Before engaging with third parties of any kind, we conduct a round of due diligence which involves:

1. Completion of the following questionnaires:
  - a. Foreign Supplier CTPAT questionnaire<sup>4</sup>
  - b. CM Supplier Form 成品製程
  - c. Conflict Mineral Reporting Form 衝突礦產資料
  - d. Supplier Information Security Questionnaire
  
2. Checking human rights watchlists, including:
  - UK's Foreign, Commonwealth & Development Office: Corporate report on Human rights priority countries.<sup>5</sup>
  - Human Rights Watch.<sup>6</sup>
  - Amnesty International.<sup>7</sup>

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<sup>3</sup> See Annex I: "Five-Step Framework for Risk-Based Due Diligence in the Mineral Supply Chain" in OECD's *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas* (2016). Available <https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>. See also, *Practical actions for companies to identify and address the worst forms of child labour in mineral supply chains* (OECD, 2017) at 28:

Business partner due diligence refers to the identification of potential and actual child labour impacts linked to an individual business partner. This is particularly useful for downstream companies who are not directly causing or contributing to child labour impacts, but are linked to these impacts via a business relationship. Business partner due diligence should be tailored to the context. In contexts in which child labour is primarily supply-driven, (i.e. under-age children actively seek employment) business partner due diligence may seek to evaluate the capacity of the supplier to identify and mitigate child labour. Conversely, in contexts in which businesses actively recruit and employ children, business partner due diligence may include an assessment of how and why suppliers recruit and hire children. Companies are encouraged to understand these drivers even in cases in which instances of child labour are not identified on-site...As with recommendations to upstream companies, staff conducting business partner due diligence for downstream companies will be more effective in their due diligence if they are familiar with the operating context, knowledgeable about child labour, and preferably, already possessing a network of community contacts.

Available: <https://mneguidelines.oecd.org/Practical-actions-for-worst-forms-of-child-labour-mining-sector.pdf>. See also: <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>.

<sup>4</sup> Question 11 asks: "Does the company have a documented social compliance program in place that, at a minimum, addresses how the company ensures goods imported into the U.S. were not mined, produced or manufactured, wholly or in part, with prohibited forms of labor, i.e., forced, imprisoned, indentured, or indentured child labor?"

<sup>5</sup> Available: <https://www.gov.uk/government/publications/human-rights-priority-countries-ministerial-statement-january-to-june-2023/human-rights-priority-countries-ministerial-statement-january-to-june-2023>.

<sup>6</sup> Country database available from <https://www.hrw.org/>.

<sup>7</sup> See <https://www.amnesty.ie/>.

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3. Pursuant to our trade (dual use) due diligence obligations, we run all prospective business partners through the following sanction lists:<sup>8</sup>

ID	Name	File date	Import date	Date changed
CFSP	EU - Consolidated Financial Sanctions List (EEAS)	26 October 2023	26 October 2023, 03:3...	24 October 2023
DPL	US - Denied Persons List (BIS)	26 October 2023	26 October 2023, 03:3...	25 October 2023
EL	US - Entity List (BIS)	26 October 2023	26 October 2023, 03:3...	19 October 2023
EUCM	EU - Restrictions on access to the capital market and further sanctions	26 October 2023	26 October 2023, 03:3...	23 June 2023
EUDU	EU - Restrictions for dual-use goods intended for listed organizations	26 October 2023	26 October 2023, 03:3...	23 June 2023
MIEUL	US - Military Intelligence End User List	26 October 2023	26 October 2023, 03:3...	21 July 2023
OFAC - CSL	US - non-SDN Consolidated Sanctions List (OFAC)	26 October 2023	26 October 2023, 03:3...	19 October 2023
SDN	US - Specially Designated Nationals List (OFAC)	26 October 2023	26 October 2023, 03:3...	20 October 2023
UL	US - Unverified List (BIS)	26 October 2023	26 October 2023, 03:3...	23 March 2023

4. General online research (Google, News, Investigative Journalist articles etc).
5. Assessment of the supplier's policies related to child labour and how this is enforced along the supply chain.
6. Assessment of the supplier's management systems and prevention mechanisms to ensure that children under the legal age are not employed directly or as part of the supply chain.
7. Identify instances where child labour was identified by supplier and what remedial action was taken.

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<sup>8</sup> For more detail, see LEG-POL-3 Internal Trade Compliance Protocol and LEG-PROG-1 Trade Management & Compliance Program.



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## Approach to risk identification

In May 2024 Taoglas conducted internal and external risk assessments, which took the following factors into account:

- The sector or industry we operate in.
- The types of products we produce, purchase and distributes.
- The locations of our activities, operations or factories.
- The types of products we source.
- The raw materials or commodities used in our supply chains.
- Tier one (direct) suppliers
- Tier two suppliers
- Tier three suppliers
- Suppliers further down the supply chain than tier three
- The use of outsourced, contracted or subcontracted labour
- The use of migrant labour, child and forced labour.

## Internal Risk Assessment

This was conducted by our Global Head of Legal, and involved.

- Documentary review, and scheduling updates where necessary.
- Review of training policy.
- Checking consistency for groupwide due diligence activities.

## External Risk Assessment

Whis was conducted by an external Johnson Hana legal consultant, and involved:

- Documentary review.
- Interviews with relevant personnel, including managers and team leaders.
- Review of supply chain & business context.
- Examination of standing business practices.
- SWOT analysis.
- Reporting back to Global Head of Legal.

## Identified risks

Taoglas is mindful that of the countries where we produce goods and procure supplies, the following child labour statistics are relevant:

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- Vietnam: 1.75 million (~ 20%) of children aged 12-17 (US Dept of Labor, 2020)
- China: 7.74% of children aged 10-15 (IZA Institute, 2016)
- Taiwan: 7% of children aged between 5-17 (UNICEF 2023).
- Eastern Europe (including Poland): 6.8% of children aged 5-17 (ILO, 2020)
- India: 3.9% of children aged 5-14 (Census, 2011)
- Ireland: no data available/0%.

As a mid-stream producer of electronics, Taoglas has identified the following high risk materials<sup>9</sup> which we use in our products – and in relation to which enhanced due diligence is required:

- Ceramics.
- Cobalt ore (heterogenite).
- Copper.
- Electronics.
- Gold.
- Iron.
- Mica.
- Polysilicon.
- Rubber.
- Silver.
- Tantalum ore (coltan).
- Tin ore (cassiterite).
- Tin.
- Tungsten ore (wolframite).
- Zinc.

In summation, Taoglas has identified the following risks:

1. Supplier & buyers located in APAC.
2. Direct and indirect worker recruitment globally.
3. The use of high risk materials.
4. As a group operating across multiple regions and time zones, with busy day-to-day operations, consistency and cohesion between teams can be challenging.
5. Given the level of competition in this field, Taoglas is vulnerable to market forces. Temptation and pressure may arise to reduce costs of production which may increase risk of child and forced labour.

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<sup>9</sup> According to the 'List of Goods Produced by Child Labor or Forced Labor' which is maintained by the U.S. Bureau of International Labor Affairs. Available: <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods#>.

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## Risk management

To mitigate the risks identified in the previous section we, respectively:

### 1. Conduct supplier and buyer due diligence & audits

See above for our due diligence process.

Taoglas has scheduled a full audit of suppliers and buyers for September 2024, including site visits.

### 2. Review direct & indirect recruitment practices

Taoglas ensures that sufficient age assessments are conducted in relation to direct and indirect workers. Further controls are in place to reduce instances of forced labour including:

- a. Ensuring workers have relevant permits.
- b. Ensuring workers are aware of their rights, including awareness of our grievance mechanism.
- c. Conducting spot checks regarding agency and sub-contracted workers.
- d. Making payments directly to personal bank accounts of workers.
- e. HR team vigilance & training.

### 3. Carefully source high risk materials

We mitigate the risk pertaining to the above-identified high risk materials by carefully sourcing same, through:

- a. Conducting thorough due diligence screening.
- b. Imposing contractual obligations to refrain from using child and forced labour.
- c. Carrying out sporadic supplier audits.
- d. Initiating our remediation policy whenever items of concern arise.

### 4. Improve internal knowledge & communication

See below section in relation to training.

With our LEG-PROG-3 now in place, all employees have direct access to our child- and forced-labour policies, which should reduce referrals to our legal team and improve consistency across our operations.

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## 5. Resist market 'race to the bottom'

All sales and acquisition team members are required to undergo specialised training, in order to make them aware of (i) the adverse effects of irresponsible corporate practices and (ii) the importance of completing all appropriate checks before onboarding new business partners.

### Further measures

#### *Tier 2, 3, 4 Upstream checks*

In accordance with OECD guidelines<sup>10</sup> Taoglas requires direct suppliers to have protocols and policies in place to address child and forced labour further upstream in the supply chain, which are equivalent to those outlined in the previous section. These must include: due diligence screening, conflict mineral checks, review of recruitment practices, code of conduct and auditing.

#### *Downstream agreements*

All new distribution agreements contain the following clause:

COMPLIANCE WITH LAWS. Distributor and Taoglas warrant and represent that it is and will at all times be fully authorized to conduct business operations under the laws of the territory. Taoglas shall comply and reasonably assist Distributor in complying with all applicable laws and regulations affecting the performance of this Agreement and the achievement of its purposes.

Paragraph 14 of our Terms & Conditions contain equivalent clauses, which binds indirect recipients of our products. This states:

Buyer shall comply with all applicable laws, regulations, and ordinances. Buyer shall maintain in effect all the licenses, permissions, authorizations, consents and permits that it needs to carry out its obligations under this Agreement.<sup>11</sup>

Taoglas is working on including further obligations in its End Use Declarations and general Terms and Conditions.

#### *Supplier contractual obligations, declarations & undertakings*

Where suppliers pass our due diligence checks, we require them to sign up and adhere to:

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<sup>10</sup> Page 47 of OECD's Due Diligence Guidance for Responsible Business Conduct (2018) states: "An enterprise operating mid-stream in a supply chain may establish traceability to upstream business relationships operating in higher risk areas to identify risks of child labour." Available: <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>.

<sup>11</sup> EMEA, APAC and US terms and conditions are available from: <https://www.taoglas.com/legal/terms-and-conditions/>.

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## 1. C-0009-A 全球供應商行為準則 Global Supplier Code of Conduct

## Section 4.2 states:

Suppliers shall not use child labor. The term “child” refers to any person under the minimum age for employment in the country. Participants shall implement an appropriate mechanism to verify the age of workers. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Suppliers shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students’ rights in accordance with applicable law and regulations. Suppliers shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks. If child labor is identified, assistance/remediation shall be provided.

## 2. Conflict Mineral Reporting obligations

Taoglas recognises that certain minerals and materials in the electronic supply chain are high risk.

To reduce this risk we:

1. Keep up to date with all relevant watchlist to ensure our supplier checks are effective.<sup>12</sup>
2. Require all suppliers to complete a Conflict Mineral Reporting Form.<sup>13</sup> Responses are stored internally by our operations team.

Where these checks return items of concern, a reference is made to our legal team.

## Remediation

Fortunately, to date, Taoglas has not had to remediate identified instances of child- or forced- labour. However, we have developed a remediation policy in accordance with OECD guidelines. (See LEG-PROG-3 Child labour and Forced Labour.)

<sup>12</sup> In particular, we regularly check the US Bureau of International Labor Affairs Good List, here: <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>. We also subscribe to the Responsible Mineral Initiative’s mail list: <https://www.responsiblemineralsinitiative.org/>.

<sup>13</sup> Available: <https://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/>?

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As part of our long term remediation policy, Taoglas plans to contribute to initiatives to address systemic factors which give rise to child- and forced-labour, including:

- Partnership with existing upskilling programs.
- Contributing to compensation schemes for victims of forced labour or child labour and their families.

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## Training

We host all of our learning content on Learning Pool (<https://learningpool.com/>). This content includes:

- General 'one off' onboarding training for all employees, covering HR and IT induction matters.
- Annual training courses, such as regarding our Information Security Management Systems (ISMS) policies and protocols, which must be completed each year by all employees.
- Specialist 'one off' training courses. For example, training on warehouse security protocols is undertaken by all logistics staff at onboarding.
- Specialist annual training, which is done each year by certain employees. For example, our production team is required to undertake Quality Management Systems training in accordance with our ISO 9001:2015 certification. Similarly, in addition to a generic ISMS program, our IT team are required to undertake annual training in their field in accordance with our ISO 27001: certification.

The advantage of a central training resource hub is that employee participation, both in terms of quantitative and qualitative engagement, is automatically logged in a report containing:

- Learning Experience (course being delivered).
- Employee learner details including First Name, Last Name, Username, Email, Organisation (i.e. which company of Taoglas group the employee works for) and Function (Department).
- Start Date/Time
- Learning Experience Completion Date/Time.

This report can be easily exported as an Excel document. Redacted copies available on request.

To dissuade employees from nominal/tokenistic engagement with material, their qualitative engagement is tracked by means of quizzes, text input, progress charts, activity checklists, feedback sections etc.

In the course of preparing this submission, Taoglas Legal in conjunction with HR designed a Child & Forced Labour module for those involved in sales and contract procurement. This covers:

1. Definition of child labour & forced labour.
2. Examples of video documentaries. (This section is flagged as containing images which some may find upsetting. Those affected are encouraged to contact HR.)
3. Statistics from countries where Taoglas and our suppliers operate.

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4. Our obligations.
5. How employees can do their part.
6. Support & Resources.
7. Success story – illustrating positive effect of a proactive anti child labour program.

Our intention is to make this a specialist annual training requirements for relevant staff.

## Performance review

Our performance review involves:

### A. Documentary review

LEG-PROG-3 Child labour and Forced Labour and all underlining documentation are subject to review when changes are required or every 6 months, whichever occurs first.

### B. Performance assessment

To track our performance in addressing forced labour and/or child labour we:

- i. Schedule internal and external risk assessments, annually.
- ii. Conduct supplier and buyer audits every two years.
- iii. Tracking performance indicators, including employee awareness, numbers of cases reported, number of cases solved and numbers of contracts with anti-forced labour and -child labour clauses.
- iv. Hope to partnering with an external organization to conduct an independent review or audit of the organization's actions.<sup>14</sup>
- v. Will work with our suppliers and buyers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators.
- vi. Gathering feedback from workers, workers' representatives and trade unions on whether or not child labour is effectively being addressed at each site.
- vii. Intend to create a system of enhanced checks for high-risk suppliers, materials and geographies.

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<sup>14</sup> Membership pending with the Fair Labor Association. See: <https://www.fairlabor.org/>.