



# Thai United Food Trading Ltd.

---

2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

May 31, 2024

# Table of Contents

---

Background .....	3
1. Steps Taken by the Entity.....	4
2. Structure, Activities and Supply Chains .....	5
3. Policies & Due Diligence.....	5
4. Risk Assessment .....	5
5. Remediation - Forced & Child Labour.....	7
6. Remediation - Vulnerable Family Income Loss.....	7
7. Awareness Training.....	7
8. Ensuring Effectiveness of Processes .....	8

## Background

---

This report is made by Thai United Food Trading Ltd. (“Thai United”, “we”, “us” or “our”) pursuant to Section 11(1) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Bill S-211” or the “Act”) covering our most recently completed fiscal year from October 1, 2022 to September 30, 2023. This is the first version of the report submitted by Thai United.

Forced labour can be found in almost every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide. Forced labour and child labour risks occur primarily through global supply chains of businesses. As such, 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 labour practices are identified, addressed and eradicated from supply chains. Based on the Act, there are eight mandatory areas that must be reported:

1. The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
2. Its structure, activities, and supply chain(s).
3. Its policies and due diligence processes in relation to forced labour and child labour.
4. The parts of its business(es) and supply chain(s) that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
5. Any measures taken to remediate any forced labour or child labour.
6. Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
7. The training provided to employees on forced labour and child labour.
8. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business(es) and supply chain(s).

# 1. Steps Taken by the Entity

---

To address the requirements of Bill S-211, the following steps have been undertaken by Thai United to identify and manage risks associated with forced labour and child labour in our businesses and supply chains:

## Step 1 - Assess Applicability

Our work commenced with a planning meeting involving Thai United's accounting and supply chain departments and an independent consulting firm, where the applicability of the Act was thoroughly discussed, and initial activities such as identifying key board members, management, and personnel; obtaining necessary documentation and data; and developing a draft timeline for the required analysis, and ultimately for report preparation were completed.

## Step 2 - Scope Identification

Thai United's management conducted an assessment and identified relevant business areas by analyzing financial statements and other data to understand transaction streams and accounts related to our supply chain. We documented Thai United's business structure, related activities, and reviewed existing policies and processes that may be relevant to identifying risks and mitigations related to forced labour and child labour within our operations and supply chain. Additionally, management evaluated and delivered training programs to ensure our team members' effectiveness in meeting the Act's requirements.

## Step 3 - Risk Assessment

We reviewed our supply chain data, analyzed suppliers, expenditures, and categories of goods across various jurisdictions, and conducted a preliminary analysis of significant suppliers in high-risk areas to assess relationships and financial flows. Following this, we prepared a comprehensive risk assessment categorizing potential exposure levels in Low, Medium, and High-risk categories with respect to forced or child labour. Factors that were considered in our risk assessment included significance of spend; categories of goods and origin (jurisdiction) of the suppliers and the origin of the goods.

## Step 4 - Remediation and Action Plans

Based on the results of our initial risk assessment (please refer to Section 4 for details), approximately 30 high-risk suppliers were identified. Correspondingly, the following remediation actions have been planned and/or undertaken:

- 1) Thai United developed and communicated a supplier code of conduct for dealing with forced labour and child labour.
- 2) Thai United developed training programs and delivered training sessions to relevant individuals/groups. The first such training was delivered on May 17, 2024 to members of our purchasing, finance and executive teams and Thai United owners.

## 2. Structure, Activities and Supply Chains

---

The entity covered in this Bill S-211 report includes:

- Thai United Food Trading Ltd.

Our company group includes Thai United Food Trading Ltd., Keomany Holding Inc., and 1256153 B.C. Ltd. The consolidated figures incorporate financial transactions from all three entities. However, Keomany Holding Inc. and 1256153 B.C. Ltd. do not meet the conditions for Bill S-211. i.e., both entities' sources of income are from rental properties and they are not involved in producing, selling or distributing goods, or importing goods into Canada. Hence, these two entities are not considered reporting entities as defined by the Public Safety Canada Guide and thus excluded for further analysis.

Thai United Food Trading Ltd. is engaged in importing goods manufactured outside Canada and distributing them in Canada. Located in Burnaby, BC, Thai United is a local supplier of food and personal care products sourced from a large variety of vendors in different foreign countries.

For fiscal year 2023, Thai United's chain expenditures primarily consisted of the following categories of imported goods:

- Food & Beverage (over 95%)
- Personal care products (less than 5%)

## 3. Policies & Due Diligence

---

Thai United has developed a Supplier Code of Conduct which includes a Procurement Policy and addresses risks of child labour and forced labour. Thai United plans to circulate this code of Conduct to its vendors prior to the end of FY24, i.e., September 30, 2024.

## 4. Risk Assessment

---

To assess and manage the risks associated with forced and child labour, Thai United employed a systematic approach to classify suppliers into low, medium, and high-risk categories. As noted previously, this involved evaluating a combination of factors, including the origin of goods, the category of goods, and significance of spend.

### **Origin of Goods**

The risk assessment of the origin of goods references, amongst other publicly available data, the US Department of Labour (<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods/supply-chains>).

Close to 40% of Thai United's suppliers are based in Canada, Singapore, South Korea and the United States, all of which are considered low-risk countries by the US Department of Labour with respect to forced labour and

child labour.

Nearly 60% of Thai United's suppliers are based in Thailand, China, Indonesia, Philippines and Vietnam, all of which are considered high-risk / medium-risk countries by the US Department of Labour with respect to forced labour and child labour.

### **Category of Goods**

Thai United assessed the category(ies) of goods based on the following considerations:

- Food & Beverage: According to the US Department of Labour,
  - o corn, tea, bamboo, and rice products sold by Thai United are designated as high risk.
  - o coconut and dairy products sold by Thai United are medium risk.
- Personal care products are assessed as low risk.

The risk assessment of the category of goods references the US Department of Labour

<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

### **Spend**

Our spend analysis utilizes thresholds based on characteristics of supplier purchases to assess the risk level associated with supply chain expenditures. This approach enables management to prioritize oversight and control, ensuring that higher-risk financial activities receive the appropriate level of scrutiny. Based on our analysis of spend characteristics and patterns, the current classification is:

- Expenditures that are equal to or less than 1% of the total annual supply chain spend are considered low risk.
- Expenditures that fall between 1% and 5% of the total annual supply chain spend are classified as medium risk.
- Expenditures that equal or exceed 5% of the total annual supply chain spend are deemed high risk.

### **Other factors**

Other factors considered for the risk assessment included, but were not limited to:

- Small Local Business (Low Risk): These are locally operated small businesses known for their transparent supply chains, attributable to their small scale and emphasis on regional community engagement.
- Publicly Traded Company (Low Risk): These are publicly traded companies that are subjected to rigorous reporting standards and often with clear, published commitments to fair trade and employment practices, thus fostering greater transparency.
- Long-term Partner (Low Risk): Supplier with whom Thai United has maintained a long-term relationship, consistently proving their commitment to ethical labour practices.
- Suppliers with Unionized Workforces (Low Risk): Suppliers that have their workforce represented by labour unions are recognized for their advocacy of workers' and human rights.

Based on our comprehensive risk assessment, management evaluated all suppliers of Thai United. The assessment revealed that slightly more than 30 suppliers pose a high risk and while less than 10 pose a medium risk of forced or child labour.

## 5. Remediation - Forced & Child Labour

---

As noted above, Thai United identified approximately 30 suppliers as high risk for exposure to forced labour and child labour. As of the date of this report, no instance of forced labour or child labour has been noted in Thai United's supply chain. Thai United will closely monitor our supply chain to prevent and detect such risks. If any instance of forced labour or child labour is noted, Thai United is committed to promptly address such a situation by entering into discussions with the relevant party, investigating the facts and circumstances, developing required corrective actions with the supplier and ensuring such corrective actions are fully implemented.

Specifically, Thai United has taken and will take the following actions to reduce the risk of forced labour and child labour:

1. Thai United developed and communicated a supplier code of conduct for dealing with forced labour and child labour.
2. Thai United developed training programs and delivered training sessions to relevant individuals/groups. The first such training was delivered on May 17, 2024 to members of our purchasing, finance and executive teams and Thai United owners.
3. Thai United will perform an annual assessment to identify high risk vendors who will be requested to complete a supplier checklist.
4. Thai United will implement an internal policy and develop supplier due diligence procedures to prevent forced and child labour in its supply chain.
5. Thai United will perform due diligence when onboarding new suppliers to assess compliance with forced and child labour requirements, which may include supplier questionnaires, interviews, site visits, etc.
6. Thai United will include specific clauses in new vendor agreements (and upon renewal of existing agreements) that require vendors to commit to international laws and regulations related to identifying and preventing forced or child labour in their supply chain activities.
7. Thai United will annually assess the effectiveness of its internal policies, supplier code of conduct and training to staff.

## 6. Remediation - Vulnerable Family Income Loss

---

As noted above, there have been no instances identified by Thai United of forced labour or child labour within the fiscal year of 2023. As such, remediation of lost income does not apply.

## 7. Awareness Training

---

Thai United has developed training programs to supply chain and finance employees and senior management on identifying, assessing, and responding to the risks associated with child labour and forced labour within Thai United's operations and supply chains. Key training topics include:

- a. Bill S-211 Act
- b. Internal policy for prevention of forced and child labour
- c. Risk assessment and reporting process

## 8. Ensuring Effectiveness of Processes

---

On May 31, 2024, Thai United completed and reported our initial assessment in response to Bill S-211. We are committed to ongoing reviews of our relevant processes, policies, and practices, including the assessment of Thai United’s suppliers. This commitment is aimed at aligning with industry leading practices and mitigating the risks, if any are identified, related to forced labour and child labour.

### **Policies and Procedures**

An annual review of Thai United’s policies and procedures related to forced labour and child labour will be conducted, to further strengthen them, and reduce the risk within our activities and supply chains now and into the future.

### **Employee Handbook and Code of Conduct Enhancement**

A forced and child labour clause will be added to the existing Code of Conduct. This clause will explicitly state that Thai United has zero-tolerance for forced and/or child labour. Employees will be required to annually acknowledge and sign-off on the Code of Conduct, representing their adherence to Thai United’s policy.

### **Supplier Activities**

**Supplier Agreements:** Thai United has identified the opportunity to implement a clause within new supplier agreements clearly stating our zero-tolerance for child labour and forced labour.

**Supplier Monitoring:** High-risk suppliers that are identified through our ongoing risk assessment will be monitored on an annual basis. Record keeping for frequency of supplier reviews and date of last review will be kept in a centralized system to ensure these reviews are being performed by Thai United management.

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 Thai United Food Trading Ltd. This report covers financial year 2023 and applies to Thai United Food Trading Ltd. in terms of the Act.

Bobby Keomany



Full Name

Signature

Chief Executive Officer

May 27, 2024

Title

Date