

Shafer-Haggart Ltd.'s Modern Slavery Report: Protecting Human Rights in Global Supply Chains

This Statement is issued by Shafer-Haggart Ltd. for the financial year 2024 in accordance with the following legislation:

- Canada: Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211, 2024)
- United Kingdom: Modern Slavery Act 2015
- Australia: Modern Slavery Act 2018 (Cth)

1. Introduction

Shafer-Haggart Ltd. is committed to conducting its business in a manner that respects human rights and upholds fair labour practices. This statement outlines our ongoing efforts to assess and address risks related to modern slavery, including forced labour, child labour, and human trafficking, as part of our broader ethical sourcing practices.

Since 2020, we have participated in the amfori Business Social Compliance Initiative (BSCI) and maintain membership in SMETA Sedex to support improved working conditions and supply chain transparency. Our sourcing processes are also certified under the Marine Stewardship Council (MSC) Chain of Custody standard and the Aquaculture Stewardship Council (ASC) Chain of Custody standard, reinforcing responsible practices in both wild-capture and farmed seafood sourcing.

Our approach is guided by the BSCI Code of Conduct (Annexure 1) and aligned with key international frameworks, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the Children's Rights and Business Principles, and core conventions of the International Labour Organization (ILO).

Shafer-Haggart Ltd. does not engage in or support the use of forced or child labour in any part of its business. We are focused on maintaining systems for due diligence, monitoring, and remediation to manage risks and promote accountability across our supply chain. More information about our company is available at: www.shafer-haggart.com.

1. Organizational Structure, Operations, and Supply Chain Overview

Shafer-Haggart Ltd., founded in 1934, operates as a trading company focused on the international import and export of food products. The company's product lines include canned seafood, fruits, vegetables, and a range of other items intended for retail and food service clients. The company's operations involve sourcing products from suppliers globally and distributing them to markets in Canada, the United States, the United Kingdom, Europe, New Zealand and Australia.

The company's head office is located at 2855 Arbutus Street, Vancouver, Canada, where all business activities are managed. Shafer-Haggart Ltd. has a workforce of 38 employees and does not maintain any branch offices outside of Canada. This team supports the company's operational and business functions.

Shafer-Haggart Ltd. does not own or operate any manufacturing facilities. All products are sourced globally through a network of Tier- 1 (direct) and Tier- 2 (indirect) suppliers, spanning 20 countries. The company works with 92 Tier- 1 suppliers responsible for manufacturing, as well as 18 trading entities who help facilitate sourcing through Tier 2 suppliers. The company is committed to ensuring that both

Tier 1 and Tier 2 suppliers comply with its ethical standards and requirements regarding responsible business practices.

2. Policies and Due Diligence Processes Related to Forced Labour and Child Labour

Shafer-Haggart Ltd. has developed and implemented a range of management systems, policies, and procedures aimed at proactively preventing and addressing potential human rights risks, including forced labour and child labour, within its supply chains. These measures form part of a structured human rights due diligence process designed to identify, prevent, mitigate, and where necessary, remediate adverse impacts associated with our supply chain operations.

Key elements of this framework include:

- **Supplier Code of Conduct (SCOC) (Annexure 2):** This document sets out the ethical standards and expectations that all suppliers must meet. It aligns with our commitment to respect fundamental human rights, including the prohibition of forced labour, child labour, discrimination, and other unethical practices. The SCOC requires suppliers to maintain effective management systems to assess and mitigate risks within their operations. The Code has been in effect since January 2024.
- **Supplier Social Compliance Self-Declaration (Annexure 3):** Suppliers are required to submit a self-declaration confirming their compliance with social standards. This declaration includes detailed information and supporting documentation about the social compliance procedures and methodologies they apply, enabling Shafer-Haggart Ltd. to evaluate their adherence to human rights principles. This process was introduced in 2021.
- **Corporate Responsibility & Responsible Sourcing Policy (Annexure 4):** This policy outlines the company's commitment to responsible sourcing and corporate accountability, emphasizing respect for human rights throughout the supply chain.
- **Gender Equality Policy (Annexure 5):** This policy promotes gender equality and fair treatment for all individuals across the company's operations and supply chains.
- **Sustainably Sourced Fish & Seafood Statement (Annexure 6):** This statement demonstrates our commitment to ethical and environmentally responsible sourcing specifically related to fish and seafood products.

To uphold its ethical sourcing standards, Shafer-Haggart Ltd. requires all suppliers to demonstrate a clear and ongoing commitment to responsible business practices. Our purchasing contracts contain binding clauses that explicitly prohibit forced and child labour, extending to both Tier 1 and Tier 2 suppliers.

Suppliers must implement effective procedures for risk assessment, monitoring, reporting, and remediation to address labour-related risks within their operations. To maintain oversight, we apply a combination of internal tools—such as the Supplier Social Compliance Self-Declaration—and, where applicable, third-party social audits aligned with internationally recognized standards, including amfori BSCI, SEDEX SMETA, SA 8000, or equivalent frameworks. These audits are scheduled at intervals ranging from 12 to 36 months, depending on the validity of the certification.

At the beginning of any supplier relationship, vendors are required to either submit a valid third-party audit report or, in its absence, complete the Supplier Social Compliance Self-Declaration and agree to the Supplier Code of Conduct. To reinforce understanding and accountability, all suppliers—new and existing—must periodically complete Shafer-Haggart's online social compliance training modules.

When risks or non-compliance are identified—through audits, declarations, or assessments—corrective action plans may be implemented. However, failure to comply with our ethical standards, or to demonstrate genuine efforts toward improvement, will result in termination of the business relationship.

3. Risk Assessment and Management

Shafer-Haggart Ltd. employs a structured approach to assess, mitigate, and manage the risk of forced labour and child labour across its supply chains. Our due diligence framework is integrated into supplier selection, ongoing monitoring, and periodic reviews, ensuring alignment with our ethical sourcing principles and compliance obligations. The following measures have been implemented to identify and address risks:

3.1 Identification and Management of High-Risk Areas in Business and Supply Chains

Shafer-Haggart Ltd. monitors industry developments, civil society reports, and international frameworks to identify and manage risks related to forced and child labour within its supply chain. As part of this process, we use tools developed by amfori BSCI and the International Labour Organization (ILO) to support our evaluations.

The amfori BSCI Country Risk Classification (Annexure 7) provides assessments of social and labour-related risks across sourcing countries. This classification enables us to categorize countries by risk level—very high, high, medium, or low—and informs decisions regarding supplier engagement. It is reviewed annually and prior to initiating sourcing in a new country.

We refer to standards and guidelines issued by the ILO, including Conventions No. 138 (Minimum Age) and No. 182 (Worst Forms of Child Labour). These frameworks guide our internal policies and help define indicators for identifying risks. The ILO's resources on vulnerable workers and decent work conditions also support our supplier assessments and risk management processes.

We also use the U.S. Department of Labour's List of Goods Produced by Child Labour or Forced Labour to supplement our understanding of product- and country-specific concerns (Annexure 8). This list includes 204 goods from 82 countries and serves as an additional tool to inform our due diligence and sourcing decisions.

These insights inform updates to the *Supplier Code of Conduct* and *Supplier Social Compliance Self-Declaration*, and guide our broader approach to identifying, mitigating, and managing labour risks across our global supply chain.

- I. **Country Risk Assessment:** Prior to sourcing from any new country, and annually for existing sourcing locations, Shafer-Haggart conducts a comprehensive evaluation of environmental, social, and governance (ESG) risks with specific focus on forced and child labour. This assessment identifies regional risk patterns, and where elevated risk is found, the evaluation process is adapted accordingly. Each country is classified into a risk category (low, medium, or high) based on the severity and likelihood of forced labour or child labour practices. The classification influences how we manage suppliers in those regions.
- II. **Worker-Centric Risk Assessment:** Shafer-Haggart Ltd. recognises that certain categories of workers are at increased risk of exposure to forced and child labour, particularly within global supply chains. In alignment with the International Labour Organization (ILO) indicators of vulnerability, our risk assessment process focuses on identifying and managing risks associated with the following high-risk worker groups:

- a. Migrant workers, who may experience legal or language barriers, be subjected to recruitment fees, retention of identity documents, or dependency on recruitment intermediaries.
- b. Children and young workers, including individuals below the legal minimum working age or those involved in hazardous work, in line with ILO Convention No. 182.

We identify the presence of these vulnerable groups through two primary tools:

- **Supplier Social Compliance Self-Declaration**, in which suppliers disclose their workforce composition and labour practices.
- **Third-party social audits**, conducted by recognised audit schemes, which provide independent verification of conditions on-site.

When vulnerable groups are identified through these tools, our due diligence process is escalated. This may involve:

- Closer review of the supplier's management systems for social responsibility
- Request for additional supporting documentation or updated audit results

By applying a rights-based, worker-focused approach grounded in ILO principles, Shafer-Haggart Ltd. seeks to identify, monitor, and address potential risks of labour exploitation within its supply chain.

- III. **Supplier Selection and Monitoring Strategy:** Shafer-Haggart Ltd. emphasizes the development of long-term, collaborative relationships with both Tier 1 suppliers (those we source from directly) and Tier 2 suppliers (those sourced through intermediaries). This strategic approach fosters transparency, stability, and alignment with our ethical sourcing values across all levels of the supply chain. Suppliers are required to sign off on the supplier code of conduct and complete a Social Compliance Self-Declaration or provide third-party social audits from recognized bodies such as amfori BSCI, SMETA, SA8000, or BAP SA. These tools help us assess and monitor compliance with international labour standards.
- IV. **Onsite Visits to Production Facilities:** In 2024, Shafer-Haggart initiated onsite visits to selected production facilities with a focus on human rights and social compliance. These visits are triggered by elevated risk indicators or may be scheduled routinely to support enhanced due diligence efforts.

3.2 Mapping and monitoring our supply chains

At Shafer-Haggart Ltd., we are committed to upholding ethical and responsible sourcing practices by actively mapping and monitoring our supply chains to identify, prevent, and mitigate the risks of forced and child labour. A key component of our modern slavery risk management strategy involves assessing the risk levels of countries from which we source our products, using classifications based on internationally recognized benchmarks.

We categorize sourcing countries into the following four risk levels:

- **Very High Risk:** Countries in this category exhibit significant vulnerability to child and/or forced labour violations. Prior to engaging in business operations, we conduct enhanced due diligence, including the implementation of proactive measures to identify, prevent, and mitigate potential labour rights violations.

- **High Risk:** These countries present a clear risk of forced and/or child labour. Comprehensive due diligence, including in-depth risk assessments and supplier screening, is conducted before initiating any business relationship.
- **Medium Risk:** Countries classified as medium risk have a moderate potential for labour rights issues. Standard due diligence measures are undertaken prior to engagement, including documentation review and ethical sourcing declarations.
- **Low Risk:** Countries in this category have a minimal likelihood of child or forced labour issues. Basic due diligence is carried out prior to supplier onboarding, with continued monitoring for emerging risks.

The maps below illustrate the geographical distribution of our key sourcing countries, categorized by their assessed levels of risk for forced and child labour. These visual tools support our ongoing due diligence efforts:

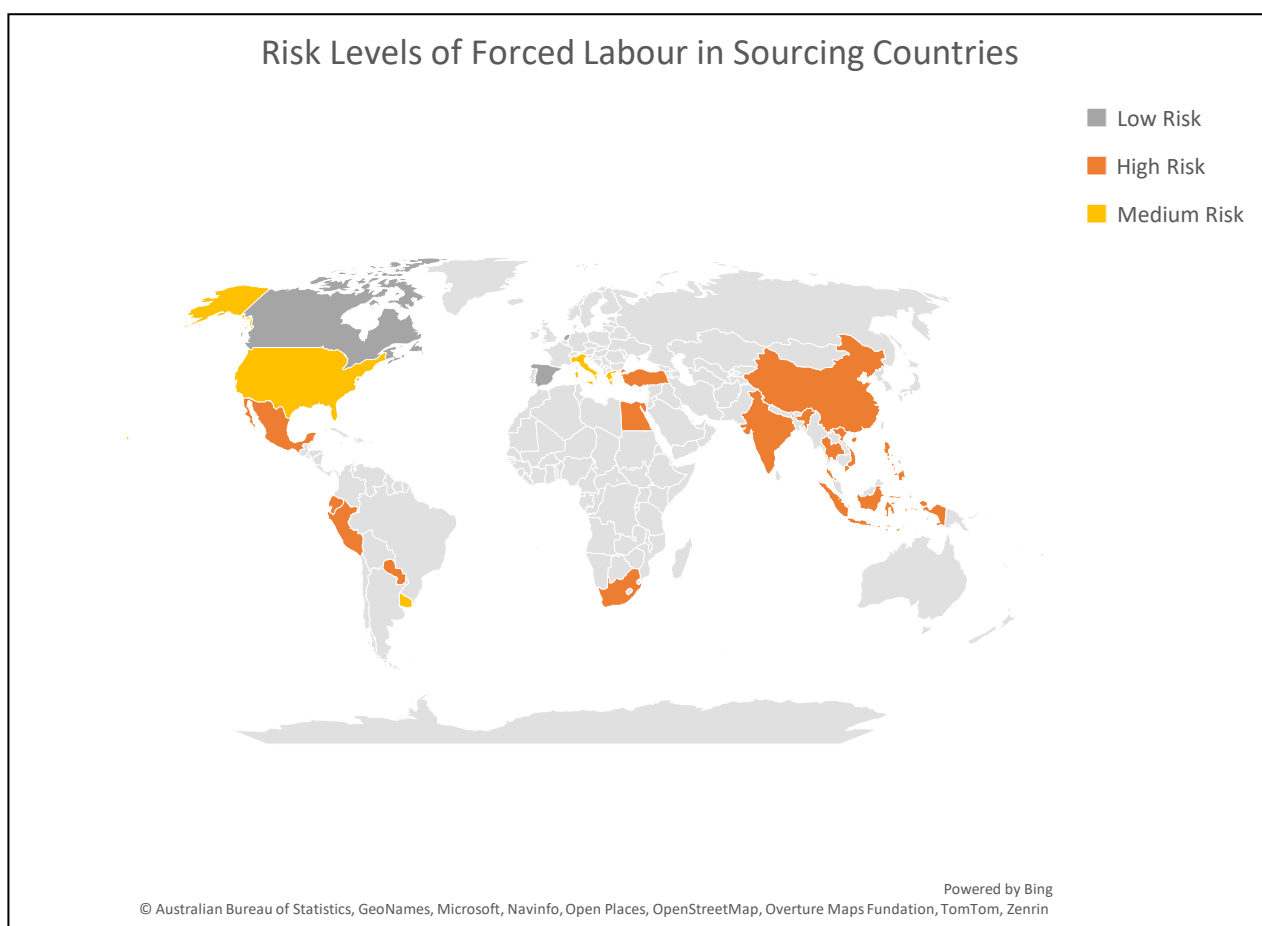


Figure 1.1 Risk of Forced Labour in Key Sourcing Countries

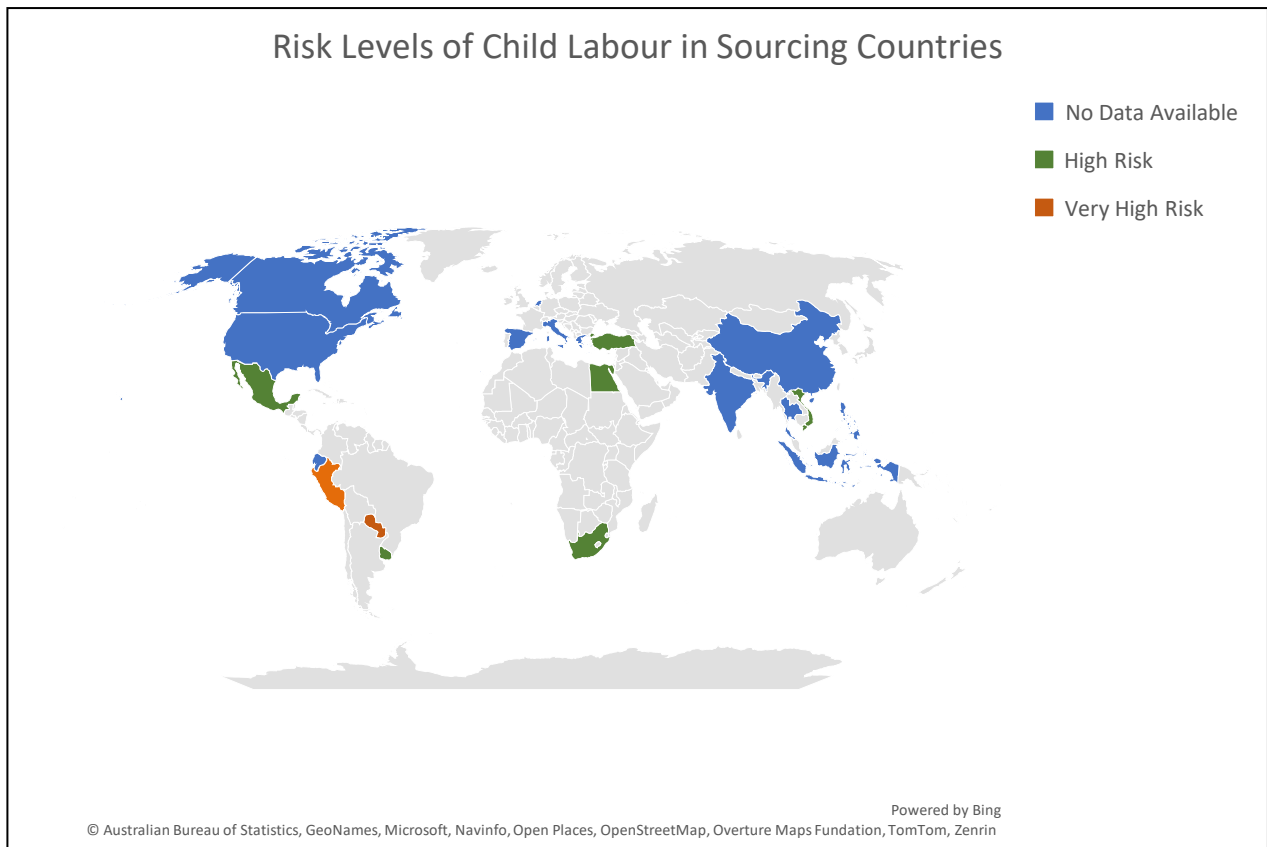


Figure 1.2 Risk of Child Labour in Key Sourcing Countries

Country-Specific Risk Distribution

An analysis of our top five sourcing countries by procurement volume reveals the following distribution of labour risks across key regions:

- **32%** of our products are ethically sourced from **Thailand**, a country identified as having an elevated risk of forced labour.
- **15%** originate from **Peru**, which is classified as high risk for forced labour and very high risk for child labour.
- **14%** of our products are sourced from **China**, also assessed as high risk for forced labour.
- **11%** come from the **United States**, identified as medium risk for forced labour.
- **10%** originate from **Italy**, which presents a medium risk for forced labour and a low risk for child labour.

In 2024, Shafer-Haggart Ltd. conducted onsite social compliance verifications at selected sites in Thailand and China, covering 11 production facilities. These onsite visits were carried out in addition to our regular social compliance monitoring efforts and are part of our broader strategy to assess adherence to labour and human rights standards across the supply chain.

4. Remediation of Forced and Child Labour and Measures to Address Resulting Income Loss for Vulnerable Families

In line with global best practices and our due diligence obligations, Shafer-Haggart Ltd. understands that effective remediation involves more than identifying violations—it includes providing meaningful

support to those affected. If child labour is identified within our supply chain, we are committed to working with suppliers and relevant stakeholders to ensure that remediation efforts are aligned with the best interests of the child and their family, with a focus on long-term well-being and protection.

During the reporting period we identified two production sites where alignment with our employer pay policy required additional attention. In both instances, we worked collaboratively with our business partners to address the matter in a timely and responsible manner. One facility completed the necessary steps, including reimbursement to affected workers, by the end of April 2025, while the other is actively progressing toward resolution. Preventative measures have been reinforced to strengthen processes and reduce the risk of recurrence.

We are pleased to report that no other instances of non-compliance involving labour standards were identified in Shafer-Haggart's supply chain during this period. This outcome reflects the strength of our due diligence processes, supplier engagement, and ongoing efforts to promote ethical sourcing practices.

5. Training and Awareness Programs on Forced Labour and Child Labour

Beginning in January 2024, Shafer-Haggart Ltd. introduced online training for all new and existing suppliers, covering forced and child labour as well as the company's sustainability strategy. Employees throughout Shafer-Haggart have also undergone training on these topics. These sessions provide practical guidance on recognizing potential signs of forced and child labour and encourage appropriate action when concerns arise. This approach supports the company's efforts to manage labour-related risks within its operations and supply chain.

To reinforce these efforts, reporting mechanisms have been established so that employees can raise concerns or report suspected issues. This contributes to a work environment where individuals are supported in helping maintain ethical practices and uphold respect for human rights.

6. Monitoring and Evaluating Effectiveness in Preventing Forced Labour and Child Labour

Shafer-Haggart is committed to continuously addressing forced and child labour in its supply chain. We annually review and update our Supplier Code of Conduct and Social Compliance Self-Declaration to ensure ongoing effectiveness.

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.

May 2025

Annexures

Annexure 1: [BSCI Code of Conduct- 2021](#)

Annexure 2: [Supplier Code of Conduct \(SCOC\)](#)

Annexure 3: [Supplier Social Compliance Self-Declaration](#)

Annexure 4: [Corporate Responsibility & Responsible Sourcing Policy](#)

Annexure 5: [Gender Equality Policy](#)

Annexure 6: [Sustainably Sourced Fish & Seafood Statement](#)

Annexure 7: [amfori BSCI Country Risk Assessment- 2024/25](#)

Annexure 8: [List of Goods Produced by Child Labour or Forced Labour](#) (2024 edition)