



# Thai Union

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## Human Rights Risk Assessment Report 2023

Updated July 2023

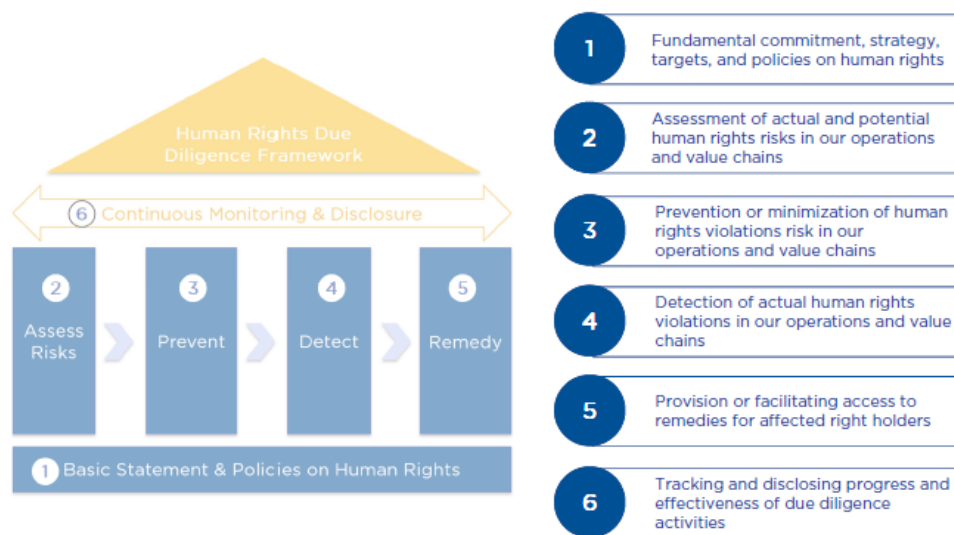
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## 1. Introduction

Assessment of potential human rights risks is one of the key pillars of Thai Union's [Human Rights Due Diligence Framework](#) ("Pillar 2 – Assess Risk"). We use findings from previous risk assessment exercises to inform our key activities, policies, and measures to prevent or minimize human rights risks, identify actual human rights violations as well as non-compliance with laws, regulations, or global best practices that could lead to increased risk of violations. Lastly, we commit to provide remedies or facilitate access to remedies for affected rights holders in the cases where we cause or contribute to adverse human rights impacts. These various efforts are explained in our [SeaChange® Sustainability Website](#), our annual Sustainability Report, as well as [the UK Modern Slavery Act Transparency Statement](#).

### Component of the Framework – Brief Description of Six Pillars



## 2. Previous Human Rights Risk Assessments

This section of the document summarizes the methodologies of the human rights risk assessments that were conducted previously during 2015-2022. The most recent iteration of the risk assessment is described in Section 3.

In 2015, we conducted a human rights risk assessment for our [fisheries supply chain](#) and separately a global consultation with stakeholders to discuss sustainability risks including human rights risks.

In 2016, we conducted a human right risk assessment [for packaging, food ingredients, and our shrimp supply chain in Thailand](#). In addition, we conducted social dialogue-based audits of the labor supply chain in Thai Union's factories, in partnership with the Migrant Worker Rights Network (MWRN), an NGO. In particular, the labor supply chain assessment found high risk of abuse and extortion by job recruitment agencies.

The human right risks assessments conducted in 2015-2016 were based on a combination of risk analysis methods as "Supply chain mapping" and "Activity-based risk analysis through audits and social dialogue". The assessment covered the following groups:

- Own employees

- Women
- Children
- Indigenous people
- Migrant labor
- Third-party employees
- Local communities
- Others, including consumers, suppliers' employees and suppliers' contractors

Based on these exercises, we have identified the following eight salient human rights risks in both our operations and value chains:

- Forced labor or modern slavery
- Indebted or bonded labor arising from excessive recruitment fees
- Lack of freedom of association or lack of worker voice
- Child labor
- Excessive overtime
- Unsafe and unhealthy working conditions
- Community health & safety in the event of major accidents in production plants
- Consumer health & Safety

Starting in 2018, we began to conduct an annual desk-based research on human rights risk at a country level for where we operate and source from, focusing on labor rights of workers employed in our operations and supply chain including the issues of labor trafficking, forced labor, and child labor. Our previous human rights risk assessments consistently identified risks associated with employment and workplaces as our key salient human rights risks identified above. The annual desk-based human rights risk assessment relies on publicly available information sources, namely the US Trafficking in Persons (TIPs) Report, the Walk Free Foundation's Global Slavery Index, the US Department of Labor's reports on Child Labor and Forced Labor, and the ITUC Global Rights Index.

Furthermore, in 2020 we began to use private information sources specific to our operation sites and supply chain to deepen our risk assessment in order to obtain more granular and accurate risk profiles. These specific data sets are:

**2.1) Results of the first-party and third-party social audits of our processing facilities around the world:** our facilities are subject to internal audits as well as world recognized external verifications and audits by third party certification bodies working to promote standard labor practices. These include the Ethical Trade Initiative (ETI) Base Code and Amfori BSCI as well as a number of retailer-specific programs to audit and verify safe and legal labor conditions. Furthermore, our Thailand-based facilities are subject to an annual internal audit against Thai Union's Business Ethics and Labor Code of Conduct (CoC).

**2.2) Results of the second-party social audits of food ingredients, packaging materials, and logistics providers in Thailand.** For providers of non-seafood-based food ingredients, packaging materials, and logistic services based in Thailand, all potential suppliers must complete a Self-Assessment Questionnaire (SAQ) on social compliance to evaluate their human and labor rights risks. The SAQ was developed based on Thai Union's CoC. Suppliers identified as "high risk" or "medium risk" based on the SAQ responses will receive independent third-party audits to verify their ability to comply with the CoC. Such suppliers will be exempted from the audits only if they have valid social standard certifications in place such as Sedex Members Ethical Trade Audit (SMETA), Amfori

Business Social Compliance Initiative (BSCI), Social Accountability (SA 8000), or Thai Labor Standard (TLS 8001).

**2.3) Results of the third-party social audits of fishing vessels in our supply chain.** In 2018, we began to conduct a third-party audit program of our global tuna fishing vessels and Thai-flagged vessels in our supply chain against the Vessel Code of Conduct (VCoC). The VCoC is an extension of Thai Union's CoC that was previously introduced in 2015 but reflects a unique set of working conditions on fishing vessels. The code is applicable to vessels from which Thai Union sources around the world.

**2.4) Results of second-party social audits of the Thai shrimp supply chain in our supply chain.**

In 2016, we began a special oversight and audit process for shrimp supply chain in Thailand. We identified early on the potential high risks of labor rights abuses in shrimp farms and on-board vessels supplying for fishmeal in our supply chain. In 2016, 100 percent of our shrimp feed supply chain was externally audited by UL, in collaboration with the Seafood Task Force. In addition, we began our own second-party social audit programs against Thai Union's CoC for the fishmeal plants and vessels supplying fish for the fishmeal as well as shrimp farms in our supply chain.

**2.5) Results of COSFF's Supply Chain Risk Assessment**

In 2021, we commissioned an independent human rights expert to conduct a human rights risk assessment for the supply chain of *Chicken of the Sea Frozen Foods* (COSFF), under our U.S.-based subsidiary importer and distributor of frozen seafood. The assessment exercise evaluates forced & child labor risks of more than 70 product-country combinations and provides the rating of 'low', 'medium' or 'high' risk for each combination. The risk evaluation considers risks in both primary production stage (fishery & aquaculture) and processing stage. Based on outcome of the risk assessment, we engaged with 'high-risk' supplier based to provide them with human rights due diligence training and risk mitigation measures.

With the above private sources of data from audit findings and risk assessment, we were able to hone our insights of our human rights risks for specific types of labor issues and for specific operations and supply chains and implement mitigation actions accordingly.

### **3. Most Recent Human Rights Risk Assessments - 2023**

In 2023, we updated our human rights risk assessments, once again drawing on the most recent publicly available information sources as well as social audit findings described above in Section 2. In addition, we initiated human rights risk assessments focusing on potential negative impact from unethical workers' recruitment. Summary of human rights risk assessments can be seen in Table 1

**Table 1 - Human Rights Risk Assessments Summary**

| Category   | A. % of total assessed in last three years | B. % of total assessed (column A) where risks have been identified | C. % of risk (column B) with mitigation actions taken |
|--|--|--|---|
| <b>Own Operations</b><br>(As a % sites, including Joint Ventures where the company has management control) | 100  | 100  | 100   |
| <b>Contractors and Tier I Suppliers</b><br>(As a % of contractors or Tier I Suppliers)                     | 100  | 15   | 100   |
| <b>Joint Ventures</b><br>(Including stakes above 10%<br>(As a % of joint ventures)                         | 100  | 0  | 0   |

The risk assessment methodologies and results are described below:

### 3.1) Risk Assessment of Our Processing Operations & Tier-1 Seafood Suppliers

In 2023, we repeated the desk-based research on human rights risk at a country level using a similar methodology to the previous exercise in 2018-2021 but with more updated and selected data sources.

In particular, for 2023 we conducted an assessment for the 12 countries that have at least one of Thai Union's own production facilities (based on the latest Annual Report, p. 13). These cover activities by Thai Union's own subsidiaries with Thai Union's management controls. The assessments rely on key indicators found in three public reports pertaining to labor trafficking, forced labor, child labor, and other types of labor rights violation such as the right to collective bargaining and equal remuneration. These are: [the 2023 ITUC Global Rights Index](#) and the 2023 [Global Slavery index](#).

First, we rank the countries for each indicator of labor trafficking, forced labor, child labor, and labor rights violation rating found in these public sources. It should be noted that an individual country ranking is not aligned across the three data sources due to their different methodologies and focuses. Secondly, we compute a simple average ranking from all the indicators considered. We then group the countries into three categories of risk – high-priority, medium-priority, low-priority – based on average ranking. The “High-priority” Group represents average higher risk than the “Medium Priority” and “Low Priority” Groups. The results of risk ranking for the 12 countries where we operate are presented in Table 2 below. A separate ranking exercise was undertaken for the 17 countries where our tier-one seafood suppliers operate, and the results are presented in Table 3 below.

**Table 2- Risk Assessment for Our Operations (2023)**

| High Priority                               | Medium Priority                     | Low Priority                            |
|---|-------------------------------------|---|
| Russia<br>Seychelles<br>Thailand<br>Vietnam | Ghana<br>Poland<br>USA<br>Lithuania | France<br>Germany<br>Norway<br>Portugal |

**Table 3 - Risk Assessment for Our Tier-one Seafood Suppliers (2023)**

| High Priority  | Medium Priority   | Low Priority                                  |
|--|---|---|
| Indonesia<br>Ecuador<br>Honduras<br>Bangladesh<br>India<br>Philippines | Vietnam<br>China<br>Thailand<br>Sri Lanka<br>Mexico<br>Peru | Norway<br>Chile<br>USA<br>Argentina<br>Panama |

To gain more in-depth insight of the risk profile, the high-level country-based risk assessment was supplemented by a processing facility-level labor risk assessment for the production facilities under Thai Union subsidiaries using social audit findings.

To capture risk profiles of each facility in 2022, we analyzed the results of social audits conducted in 2021, focusing on labor rights including the topics of forced labor, child labor, equal remuneration, freedom of association, and rights to collective bargaining, amongst others. We refer to two types of audits most commonly implemented at the facilities: third-party audit against the BSCI Code of Conduct and third-party SMETA audit. In comparison with similar analysis from the previous year, this year's combined audit results show that Reasonable Working Hours and Occupational Health and Safety are still two key areas that need further improvement. On the other hand, the issue of Wage and Benefit no longer appeared as high-risk. Similar to the previous year, the issues of discrimination and freedom of association see a low level of risk.

Further in-depth assessments of human rights risks are described in sections 3.2-3.3 below:

### **3.2) Risk Assessment of Fishing Vessels in Our Supply Chain**

In 2022-23, we continued to conduct third-party social audits against our Vessel Code of Conduct (VCoC) for fishing vessels in our supply chain and updated our labor risk assessment based on the audit findings.

In 2022, the amount of vessel inspections remained lower than we wanted due to COVID-19 but instead we ramped up the work through the remote audit approach that we developed and by safely taking opportunities to travel when there were openings. Auditing the tuna vessels that are participating in the (Fishery Improvement Project) FIPs which Thai Union sources tuna from remained a priority. The table below provides details of the numbers and percentage of vessels audited in the tuna FIP in total.

| Tuna FIP name                        | 2021           |            |            | 2022           |              |            |
|--------------------------------------|----------------|------------|------------|----------------|--------------|------------|
|                                      | Vessels in FIP | % audited  | # audited  | Vessels in FIP | % audited    | # audited  |
| Pacific longline                     | 28             | 54%        | 15         | 28             | 61%          | 17         |
| Indian Ocean longline                | 47             | 81%        | 38         | 49             | 94%          | 46         |
| WCPO purse seine                     | 37             | 35%        | 13         | 37             | 35%          | 13         |
| Indian Ocean purse seine - SIOTI     | 29             | 55%        | 16         | 29             | 69%          | 20         |
| Eastern Atlantic purse seine - EASTI | 37             | 11%        | 4          | 36             | 22%          | 8          |
| Ghana pole & line                    | 12             | 58%        | 7          | 9              | 78%          | 7          |
| Liancheng HS longline                | 41             | 54%        | 2          | 80             | 39%          | 31         |
| Senegal pole & line                  | 3              | 0%         | 0          | 4              | 100%         | 4          |
| <b>TOTAL</b>                         | <b>234</b>     | <b>49%</b> | <b>115</b> | <b>286</b>     | <b>52.8%</b> | <b>151</b> |

To understand the risk profiles of the vessels, we analyzed the VCoC audit results for the tuna supply chain and the Thai-flagged vessels supply chain separately. For each audited vessel, an audit report identifies Areas for Continuous Improvement (AFI) where vessels have not fully complied with the Code and need to implement a Vessel Improvement Program (VIP). For transparency, we published in Annual 2022 Sustainability Report the key areas of actions that can be taken to reduce the likelihood of the most frequently found areas for improvement based on the VCoC audits.

### 3.3) Risk Assessment of Thailand-based Food Ingredients, Packaging, and Logistic Service suppliers

As previously indicated in Section 2.2, Thai Union implements an annual self-assessment and third-party social audit programs for suppliers of food ingredients, packaging materials, and logistic services based in Thailand. The suppliers must complete a Self-Assessment Questionnaire (SAQ) on social compliance to evaluate their human and labor rights risks. Suppliers identified as “high risk” or “medium risk” based on the SAQ responses will receive independent third-party audits to verify their ability to comply with the CoC. In 2022, about 12% pf the total number of suppliers are classified as “high risk” or “medium risk” and therefore received either third-party audits against our CoC or submitted qualified social standard certifications.

### 3.4) Assessment of recruitment-related risk for ‘walk-in’ migrant workers in Thailand

To ensure safe migration and reduce vulnerability of migrant workers to labor exploitation, we launched Ethical Migrant Recruitment Policy in April 2016, then subsequently updated it in January 2021 and January 2022 to be fully in line with the “Employer Pays Principle” (EPP). The policy covers all aspects of new recruitment and hiring for migrant labor throughout Thai Union and its subsidiaries in Thailand and mostly focus on the formal MoU recruitment channel, whereby TU work directly with sending-country recruitment agencies to recruit and select workers from their communities of origin.

The global COVID-19 outbreak during 2020-2022 prompted the Royal Thai Government to close national borders and effectively suspend all legal recruitment process under the MoU system from 2020 until early 2022. As a result, during this period many Thai employers, including TU, turned to in-country recruitment of migrant workers who already resided in Thailand. This is partly made possible by a series of Thai government’s Cabinet Resolutions allowing hiring of undocumented workers or those whose documentation had expired.

To understand and assess the risks associated with in-country recruitment, in 2023 we commissioned a credible, experienced, and independent third-party assessor to carry out an investigation into historic



recruitment-related fees and costs that may have been paid by workers hired under those cabinet resolutions.

### **3.5) Formalizing Human Rights Due Diligence and Risk Assessment for new Mergers & Acquisition and Joint Venture Activities.**

In 2023, we introduced a formal due diligence policy and process for all new Mergers & Acquisitions (M&A) and new Joint Ventures (JV) going forward. Part of the Policy and Process will also involve conducting sustainability-related due diligence including Human Rights risks assessment for partners, industries, or geographies flagged as 'high risk.' In the case of M&A, we also introduced standardized integration process post-acquisition to drive alignment with TU Group's SeaChange® 2030 including human rights related requirements.

### **3.6) Human Rights Risks Assessment of fisheries and farms under the partnership with Sustainable Fisheries Partnership (SFP)**

In 2022, Thai Union [entered into a partnership with Sustainable Fisheries Partnership \(SFP\)](#) to further improve transparency in the Company's supply chains and consider wider impacts on biodiversity. The partnership with SFP will also allow Thai Union to continue and deepen its participation in the ODP (which SFP manages), with sustainability information to be made publicly available through the platform. SFP's Seafood Metrics will allow Thai Union to continue to improve the monitoring, transparency and traceability of its supply chains, as well as assess and monitor its global wild and farmed supply chains used in its businesses in the EU, U.S. and Asia. Seafood Metrics aggregates and tracks information on governance quality, target stock health, human rights risks, and environmental impacts in a company's source fisheries. Additional sustainability indicators, such as certifications, Human Rights Risk Assessment, NGO ratings and traceability will be included in the monitoring.