

## MODERN SLAVERY ACT STATEMENT 2017

This Statement is written in compliance with the requirements under the UK Modern Slavery Act 2015, with particular reference to Section 54 Transparency in Supply Chains.

The purpose of this statement is to describe activities taken by Thai Union Group PCL. (Thai Union) to prevent, detect, and remedy violations of human rights, particularly modern slavery and forced labor within our operations and supply chains. The statement covers periods up to 31 March 2018 and highlights key progresses since [the first Thai Union's Modern Slavery Act Statement](#) was published in June 2016. In summary, key highlights of our activities to enhance our due diligence on modern slavery and forced labor are:

- Strengthened enforcement of the Business Ethics Code of Conduct (CoC) for Thai Union-own facilities and direct suppliers, and related internal and independent third-party audits;
- Continued implementation of the Ethical Migrant Recruitment Policy, including the zero-recruitment fee for workers in our operations, to reduce potential abuses and extortion by agents and brokers in recruitment of migrant workers;
- Continued collaboration with partner NGOs for capacity building of our workers and suppliers on labor rights and addressing emerging labor issues within our facilities and supply chains;
- Continuous enhancement of our human rights due diligence on the entire shrimp supply chain to eliminate unethical labor practices. This program consists of supply chain mapping, digital traceability, auditing, engagement and capacity building;
- Introduction of the Vessel Code of Conduct (VCoC) and Vessel Improvement Program (VIP) for all vessels supplying to Thai Union, to enhance our capacity to detect possible labor abuses on the vessels and to support vessel owners' effort to meet related labor requirements;
- The first Thai Union's publication of aggregate results of the external audits of Thai vessels supplying locally-sourced seafood, in our effort to promote transparency;
- The launch of a Demonstration Boat to promote human rights of workers in the Thai fishing industry, in collaboration with the Royal Thai Government, Nestlé, Southeast Asian Fisheries Development Center (SEAFDEC), and a global non-profit Verité, and;
- The launch of digital traceability (eCDT) pilot on Thai fishing vessels, in collaboration with Mars PetCare and USAID

### 1) ABOUT THAI UNION GROUP PCL

Thai Union Group PCL (Thai Union) is the world's seafood leader bringing high quality, healthy, tasty and innovative seafood products to customers across the world for almost 40 years.

Today, Thai Union is regarded as the world's largest producer of shelf-stable tuna products with annual sales exceeding THB 135 billion (US\$ 4.030 billion) and a global workforce over 49,000 people who are dedicated to pioneering sustainable, innovative seafood products.

The company's global brand portfolio includes market-leading international brands such as Chicken of the Sea, John West, Petit Navire, Parmentier, Mareblu, King Oscar, and

Rügen Fisch, as well as Thai-leading brands SEAELECT, Fisho, Qfresh, Monori, Bellotta, and Marvo. In addition, we manufacture private-label products for a number of global retailers.

As a company committed to innovation and globally responsible behavior, Thai Union is proud to be a founding member of the UN Global Compact Network Thailand and a founding member of the International Seafood Sustainability Foundation (ISSF). In 2016, Thai Union introduced its [SeaChange®](#) sustainability strategy. Thai Union's ongoing work on sustainability issues was recognized by its inclusion in the Dow Jones Sustainability Index Emerging Markets (DJSI) in 2014. In 2017, Thai Union was named to the DJSI for the fourth consecutive year. Thai Union has also been included in the FTSE4Good Emerging Index.

Our main products are ambient, frozen, and chilled seafood, marine ingredients, pet food, and value-added products such as ready-to-eat meals and baked goods. In addition to tuna, we produce sardine, mackerel, salmon, shrimp, crab, and other seafood-based products.

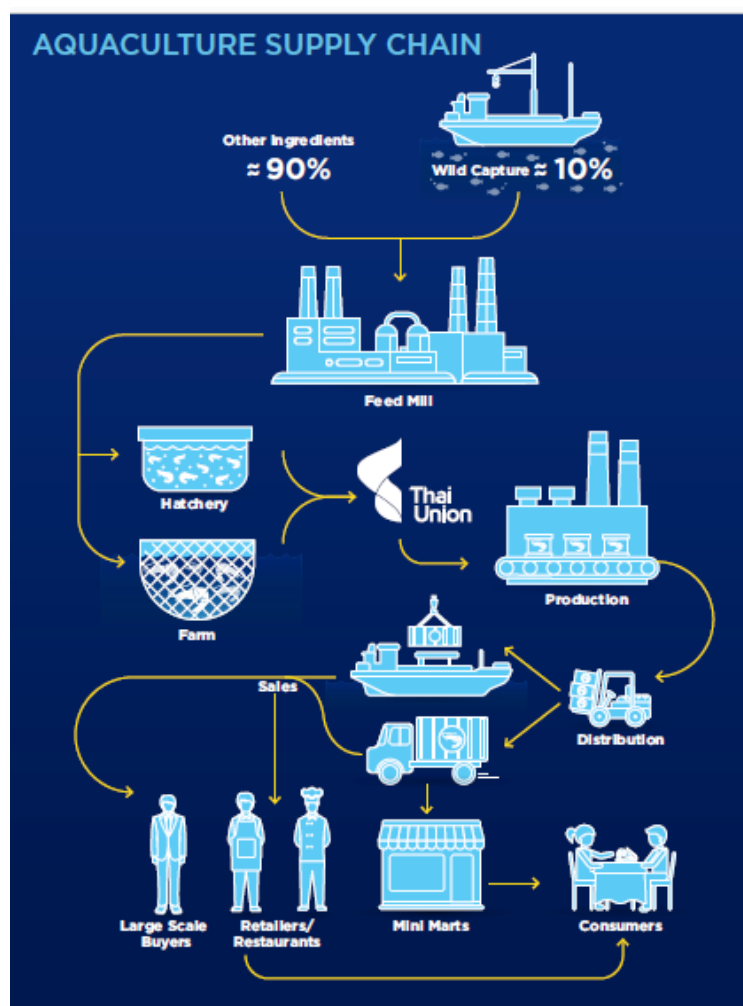
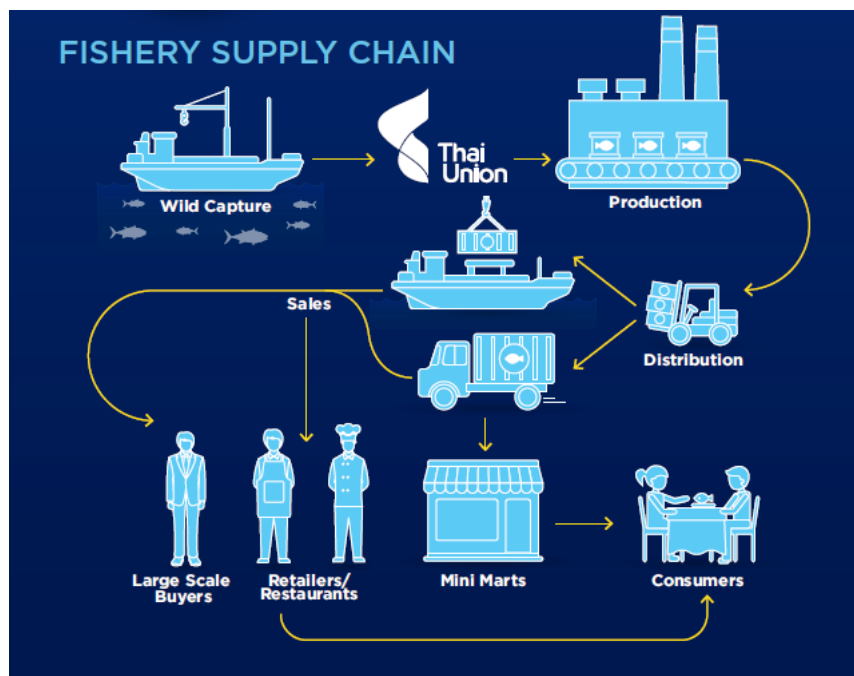
Thai Union has 17 production locations in 13 countries in North America, Europe, Africa, and Asia, as of today. A full list of our company brands, subsidiaries and product categories can be found on our website [here](#).



## 2) THAI UNION'S SUPPLY CHAINS

Seafood supply chains are complex, particularly where multiple species are involved. Thai Union sources from six main categories of seafood: tuna, shrimp, salmon, sardine, mackerel and cephalopod. Thai Union is primarily a processor. We do not own any fishing vessels and own a very small fraction of aquaculture farms that are part of our operations or supply chain. Seafood raw materials are therefore sourced from suppliers from oceans and aquaculture operations around the world.

The supply chains for key seafood raw materials can be visualized as following:



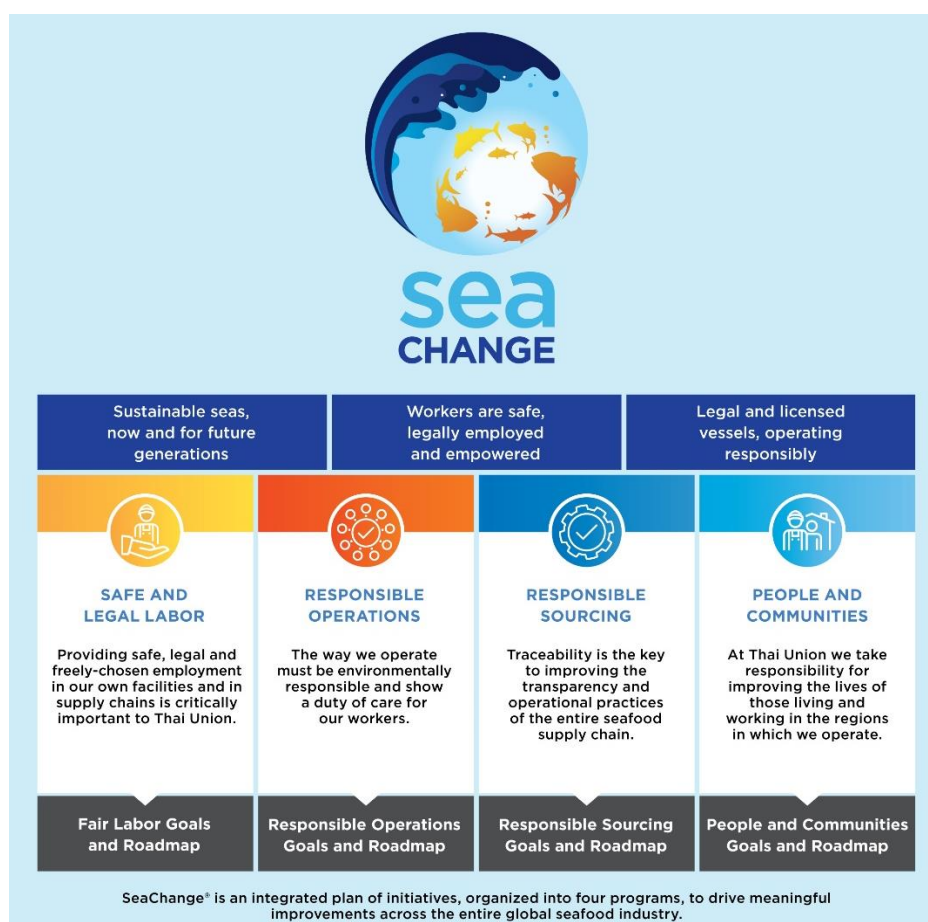
In addition to seafood raw materials, we also source a variety of food ingredients, packaging materials, and logistic services from suppliers based in our countries of operations.

### 3) THAI UNION'S COMMITMENT ON HUMAN RIGHTS AND SUSTAINABILITY

Thai Union's mission is to be a seafood industry's leading agent of change, making a real positive difference to our consumers, our customers and the way the category is managed. In line with this mission, we are taking a leading role to tackle human & labor rights abuse, including modern slavery and human trafficking within seafood industries in Thailand and globally.

#### 3.1) SeaChange® Strategy

Our policies on human rights, including modern slavery and human trafficking, and broader sustainability areas are guided by [SeaChange®](#) – our sustainability strategy designed to deliver real and lasting changes in the way that we operate in the wider Thai and global fishing industries. SeaChange® is an integrated plan of initiatives organized into four programs. One of the SeaChange® pillars is “Safe & Legal Labor” aiming to provide safe, legal, and freely-chosen employments in our own facilities and supply chains. Our strategy therefore aims to eliminate a wide range of unethical labor practices, and not just modern slavery and human trafficking.



The 2020 milestones under the “Safe & Legal Labor” pillar are as followed:

- *We will treat all workers, whether migrant or local employees, fairly and with dignity. They will have safe and freely-chosen employments.*
- *Our supply chains, from vessel to factory, will comply with labor regulations and our Business Ethics and Labor Code of Conduct.*
- *With full traceability of all the seafood we purchase, we will have information about the labor practices on board vessels.*
- *Through education and open dialog, we will empower our workers, giving them a voice today and into the future.*
- *We are committed to leading an ongoing and active dialog with industry, government and civil society to ensure lasting improvements in labor practices across the entire industry.*

While this work is designed to have a positive impact on the seafood industry, the milestones we achieve under our programs will also deliver against the UN Sustainable Development Goals (SDGs), particularly for the SDG 2 (“Zero Hunger”), SDG 8 (“Decent Work and Economic Growth”), and SDG 14 (“Life below Water”). More specifically, achievements under the “Safe & Legal Labor” pillar will contribute to the sub-targets of labor right protection and eradication of forced labor, modern slavery, and human trafficking, under the SDG 8.

### 3.2) Global Leadership in Sustainability for Industry Transformation

To serve as a truly effective change leader, we align our sustainability with globally recognized collective sustainability priorities and programs. Our participation in sustainability and industry alliances and initiatives include:

- **The United Nations (UN) Global Compact** – Thai Union has been a member of the United Nations (UN) Global Compact since 2013. As a member, Thai Union upholds the Global Compact’s 10 principles on the areas of human rights, labor standards, environment, and anti-corruption, including the commitment to eliminate all forms of forced and compulsory labor. The Principles have been incorporated into a number of company’s human rights related policies (see Section 5 below). We are also a founding member of the UN Global Compact Local Network for Thailand (GCNT), whose objective is to promote knowledge sharing and implementation of the Global Compact’s 10 principles in Thailand. We report annually on our progress in our sustainability reports.
- **The Seafood Task Force** – Thai Union has been a proud and active member of the Seafood Task Force, which is an industry-led coalition tackling human rights and environmental issues in Thailand. Each member organization commits to supporting progress against the Task Force objectives of strengthening supply chain oversight in Thai seafood industry.
- **International Seafood Sustainability Foundation (ISSF)** – Thai Union is a founding member of the ISSF, whose objective is to improve the sustainability of global tuna stocks

- [National Fisheries Institute \(NFI\) Crab Council](#) – Thai Union is a founding member of the NFI Crab Council, an association of U.S. seafood companies working to promote crab sustainability.
- [Global Sustainable Seafood Initiative \(GSSI\)](#) – Thai Union is a funding partner of GSSI whose mission is to ensure confidence in the supply and promotion of certified seafood as well as to promote improvement in the seafood certification schemes.
- [Seafood Business for Ocean Stewardship \(SeaBOS\)](#) – in June 2017, Thai Union signed a groundbreaking [pledge as part of its membership in the \(SeaBOS\)](#), committing to improve operations as well as challenge the rest of the seafood industry to follow, all with the goal of helping the world achieve the United Nations Sustainable Development Goals (SDGs). As one of the signatories, Thai Union pledged to work diligently to eliminate Illegal, Unreported, Unregulated (IUU) products and any form of modern slavery in the supply chain.
- [World Economic Forum](#) – in June 2017, Thai Union committed to the World Economic Forum’s [Tuna 2020 Declaration](#). This includes a pledge to eliminate any form of slavery and ensure suppliers at least meet minimum social standards in management practices as recommended in the Universal Declaration of Human Rights and International Labour Organization’s Conventions and Recommendations, by 2020.
- [Greenpeace](#) – in July 2017, under [a joint agreement with Greenpeace](#) Thai Union made additional commitments to support current best practice fisheries, improve other fisheries, reduce illegal and unethical practices from global supply chains, and bring more responsibly-caught tuna to key markets. The commitments include enhanced labor rights due diligence on vessels supplying to Thai Union and social compliance for Thai Union facilities, among others.
- [The Bali Process Government and Business Forum](#) - In August 2017, Thai Union participated in [the Bali Process Government and Business Forum](#), which allows governments to better engage the private sector to combat human trafficking, forced labor and related exploitation. Since it began in 2002, the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (Bali Process) has raised regional awareness of these namesake human rights issues. It is a forum for policy dialogue, information sharing and practical cooperation to help the region address these challenges. Through this initiative, CEOs and business leaders can advise government on how to prevent and combat human trafficking and related abuses and share experiences on best practices.
- [International Labour Organization \(ILO\)’s “Ship to Shore Rights” Project](#) – The Project works with the Thai Government, employers’ organizations, workers’ organizations and buyers towards the prevention and reduction of unacceptable forms of work in Thailand’s fishing and seafood industries. Thai Union has been an active partner of the Project, particularly under the objective of improving compliance with the Fundamental Principles and Rights at Work through implementation of the Good Labour Practices (GLP). We previously conducted GLP training in our own facilities.



We also work with other stakeholders including NGOs to implement our human rights due diligence. Specific collaboration with partner organizations is described in the subsequent sections of this statement.

Our works on sustainability earn us awards and recognitions by leading organizations around the world. Recent examples related to human rights include:

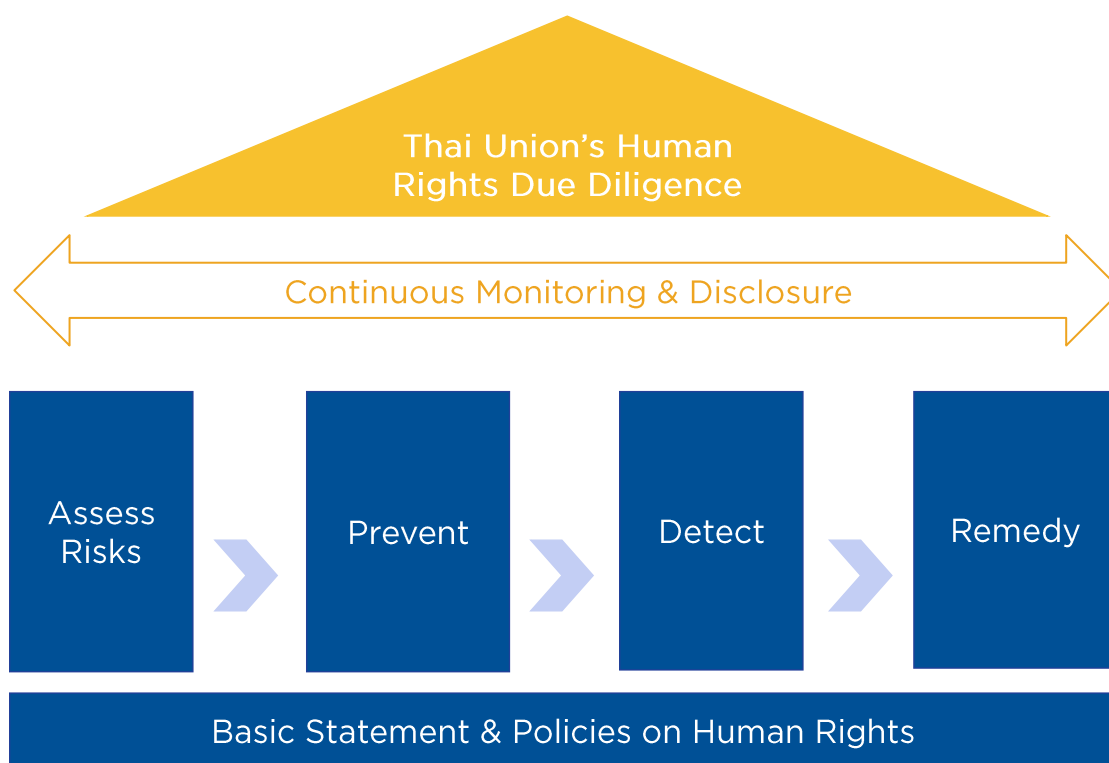
- In October 2016, Thai Union was shortlisted for [Thomson Reuters Foundation's Inaugural Stop the Slavery Award](#), which recognizes companies that have taken concrete steps to eradicate forced labor from their supply chains.
- In January 2017, we debuted on the [FTSE4Good Emerging Index](#) managed by FTSE Russell, a leading global provider of benchmark, analytics, and data solutions for institutional and retail investors. The Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
- We are named to the [Dow Jones Sustainability Index \(DJSI\) Emerging Markets](#) for the fourth year in a row in 2017, with industry best-in-class 100<sup>th</sup> percentile rankings for Climate Strategy, Materiality, Human Capital Development, Health and Nutrition, Water Related Risks and Policy influence. Furthermore, strong performances in Supply Chain Management, Business Codes of Conduct and Labor Practice Indicators, helped propel Thai Union into the 97<sup>th</sup> percentile ranking among companies in the industry.
- In January 2018, Thai Union's Global Director for Sustainable Development Dr. Darian McBain was named Sustainability Leader of the Year at the prestigious [edie Sustainability Leaders Awards 2018](#). The judges cited Thai Union's Business Ethics and Labor Code of Conduct, Ethical Migrant Recruitment Policy, Zero Recruitment Fee Policy, and membership in SeaBOS global initiative as evidence of the company's position at the forefront of positive change in the seafood industry.

The latest list of awards and recognitions thus far can be found on the SeaChange® webpage [here](#).

#### 4) HUMAN RIGHTS RISK ASSESSMENT

The seafood industry is generally labor intensive and has a complex supply chain with many stakeholder groups involved. The industry faces real challenges like human trafficking, human rights abuses and labor exploitation. In most cases, these issues occur outside the direct operational control of a single company, and the complexities of the seafood industry prevent any single company or institution from solving them alone.

Identification of human rights risks, including modern slavery and forced labor, in our operations and supply chains is a critical pillar of Thai Union's overall Human Rights Due Diligence Framework. Findings from risk assessment help us design appropriate and proportionate human rights policies as well as subsequent measures to further prevent, detect, remedy non-compliance by our staff and suppliers.



#### 4.1) Risk Assessment Methodology

Thai Union identifies human rights risks, including modern slavery and forced labor, in our supply chain through supply chain mapping and risk analysis. Our suppliers are segregated into critical and non-critical suppliers based on both spend and risk assessment through audits and social dialogue. We engage with civil society and third parties to assist with this process.

We conduct an activity-based risk analysis for all our suppliers to establish which suppliers are potentially high risk for certain activities. This can be as a result of a variety of external factors such as the location where a supplier operates, the nature of the work, and whether there is any third-party involvement.


Previous risk assessment activities included:

- 2015 – human rights risk assessment was conducted to help identify and visual potential human rights risk in our **fisheries supply chain**.
- 2015 – Global consultation with internal and external stakeholders was conducted to discuss sustainability risks.
- 2016 – human rights risk assessment was conducted **for packaging, food ingredient, and shrimp supply chain in Thailand**.


In 2017, we published this information on our website to be more transparent about our management approach to human rights. While the risks and challenges associated with each step in our supply chain may vary regionally, this process will continue improving our global ability to promote human rights within our supply chains.



Findings from previous risk assessments along the Thai Union's value chain are summarized in the diagram below.


**Thailand Union**

## 2. Identification of Human Rights Issues in Value Chain

Human Rights Issues	Suppliers				Production	Distribution	Consumer
	Vessel	Packaging	Ingredients	Farm			
VALUE CHAIN 							
<b>Stakeholder: Workers</b>							
Health and safety of workers – direct and indirect							
Employment conditions and practices, excessive overtime							
Freedom of association and worker voice							
Welfare of suppliers and their employees							
Child labor							
Forced labor, bonded labor							
<b>Stakeholder: Community</b>							
Local impact of industrialized farming							
Disruption of traditional agriculture							
Safety of transportation							
Access to water							
Relationships with security forces							
<b>Stakeholder: Consumers</b>							
Responsible marketing							
Health and safety of consumers							
<b>Others</b>							
High-risk countries							
Corruption							

In particular, Thai Union identified human rights risks throughout our value chain, with a particularly high risk on board vessels and at farms and processing facilities. These include:

- Forced labor or modern slavery;
- Indebted or bonded labor arising from the use of brokers charging excessive fees;
- Lack of freedom of association or the lack of a worker voice to negotiate;
- Child labor;
- Excessive overtime;
- Unsafe and unhealthy working conditions;
- Security;
- Community health and safety in the event of major incidents from production plants; and
- Consumer health and safety

For slavery and human trafficking issues, Thailand has been identified as one of the highest risk countries in which we operate followed by other countries where we operate and source from. Going forward, we will continue to conduct more risk assessments, prioritizing on high-risk countries or supply chains.

## 5) POLICIES ON MODERN SLAVERY, HUMAN TRAFFICKING, AND HUMAN RIGHTS

Thai Union issued the following policies to support achievement of the milestones on human rights under our SeaChange® Strategy:

### 5.1) Business Ethics and Labor Code of Conduct (CoC)

Launched in 2015, [the Business Ethics and Labor Code of Conduct](#) (CoC) embodies our commitment to conduct business with integrity, openness, and respect for universal human rights and core labor principles throughout our operations. The CoC is based on 12 Fundamental Principles grounded in internationally recognized standards. The Code is applicable to all Thai Union employees, suppliers, and any sub-suppliers employed by primary suppliers in business with Thai Union.

In particular, the Code states:

*i - "All laws and regulations are complied with the countries in which the supplier operates."*

*ii - "Forced labor, whether in the form of indentured labor, bonded labor or other forms, is not acceptable. Mental and physical coercion, slavery and human trafficking are prohibited."*

We have integrated the CoC into our recruitment and procurement procedures. All Thai Union employees are required to acknowledge and sign the CoC, as are all primary suppliers. New suppliers and new staff must sign the CoC prior to working with Thai Union. As of today, 100% of Thai Union full-time employees based in Thailand signed acknowledgement of the Code. 100% of contracted tier-one suppliers for shrimp, fish, chicken, and logistics services have signed the Code. The figures for packaging suppliers and food ingredient suppliers are 94% and 88%, respectively.

Those suppliers who fail to adhere to the Code and engage in unfair and illegal labor practices will be asked to provide a time-bound remedial plan or may have their contracts terminated. In 2016, Verité began training our own internal auditors in Thailand so that we can provide effective support to suppliers who wish to improve their practices but lack in-house knowledge to do so. Any suppliers found to be in violation of zero tolerance policy towards forced or child labor and human trafficking will be immediately terminated as a supplier.

Thai Union reserves the right to take legal action and report illegal activities to the relevant authorities and trade associations.

### 5.2) Vessel Documentation Requirements to Prevent Illegal, Unregulated, and Unreported (IUU) Seafood

We work with the Royal Thai Government and other competent authorities to drive port-state measures to eliminate Illegal, Unregulated and Unreported (IUU) seafood from our supply chain. In Thailand we have implemented a robust vessel-to-processor traceability system that cross references Marine Catch Purchase Documentation (MCPD) with the Thai Department of Fisheries. In addition to addressing IUU, this process works to ensure that labor is legal through crew manifests (Port In and Port Out certification to ensure no one is lost at sea), captain's licenses, vessel registration details, gear type registration, legal employment through contracts and pay slips for crew members, number of days spent fishing and catch data.

### 5.3) Policy on At-sea Transshipment & Observer Coverage

Transshipment at sea refers to the transfer process of fish or fish products at sea, from one fishing vessel to either another fishing vessel — or to a vessel used solely for the carriage of cargo, for further transport. Transshipment is linked with high risk of labor abuse including forced labor. To minimize the risk, in 2015 Thai Union introduced [a policy that bans transshipment at sea](#) in Thai and international waters in line with the International Seafood Sustainability Foundation (ISSF) Resolution 14-03. Tuna caught on purse seiner vessels in international waters must have an independent observer on board, who is able to raise an alarm if forced labor is observed. In addition, we ceased all purchases from mother-ships and transshipment vehicles in Thailand.

More recently, under our joint agreement with Greenpeace in 2017 we commit to source tuna only from longline vessels that have human observers for both vessels transshipping at sea. The human observer program will begin rollout in 2018 and expand its observer program by the end of 2020, and work with suppliers to help ensure human observers address both environmental and social issues associated with at-sea transshipment in the longline sector.

### 5.4) Vessel Code of Conduct (VCoC) & Vessel Improvement Program (VIP) (to be implemented in 2018)

To further mitigate the risk including forced labor and modern slavery on the supplying vessels, we introduced [the Vessel Code of Conduct \(VCoC\)](#) in December 2017. The VCoC is an extension of the Thai Union's CoC that was previously introduced in 2015 but reflects unique set of working conditions on fishing vessels. This code will be applicable to vessels from which Thai Union sources around the world. The VCoC must be signed by suppliers before we enter into a business relationship and by all of our existing suppliers. Those suppliers who fail to adhere to the Code and engage in unfair and illegal labor practices will be asked to provide a time-bound remedial plan through Vessel Improvement Program (VIP) or may have their contracts terminated.

Guidance for specific fleets will be developed in 2018. The program will be rolled out in 2018 and beyond.

### 5.5) Ethical Migrant Recruitment Policy

Migration and recruitment of migrant workers is recognized as one of the highest risk areas for workers to become involved in human trafficking, forced labor or debt bondage. Thai Union's migrant workforce in Thailand is primarily composed of workers from Myanmar and Cambodia. Recognizing this, Thai Union has focused on reducing the potential for abuse and extortion by agents and brokers in recruitment of migrant workers. As a result, in 2016 we issued and implemented an [Ethical Migrant Recruitment Policy](#) that covers all aspects of recruitment and hiring of migrant labor throughout Thai Union and its subsidiaries. The Policy ensures zero recruitment fees for migrants and full transparency about migrant workers' rights and terms of employment contracts. Subsequently in 2017, this Policy expands to cover all Thai Union's facilities globally.

## 6) TRAINING AND CAPACITY BUILDING ABOUT MODERN SLAVERY, HUMAN TRAFFICKING, and HUMAN RIGHTS

We recognize that addressing modern slavery and human trafficking is an issue that we must take responsibility for and at the same time work collaboratively for shared responsibility. Together with our partner NGOs, regulators, intergovernmental agencies, and customers, we developed initiatives to improve awareness and knowledge of human rights within our own factories or across our supply chains. Training and capacity building activities form a core pillar under our Due Diligence Program to help prevent human rights violation in the first place. Our efforts to date include:

### 6.1) Training on the Business Ethics and Labor Code of Conduct for Thai Union employees

Following the launch of the Business Ethics and Labor Code of Conduct (CoC) in 2015, a staff training package was developed and delivered to executives, human resources and procurement staff in Thailand in December 2015. Furthermore, the CoC was incorporated in the mandatory orientation for incoming staff. To date, all monthly employees and new employees (for both monthly and daily employees) based in Thailand have received training on the CoC. We aim to further roll out the training to cover 100% of our current daily employees in Thailand, by the end of 2018.

### 6.2) Pre-departure Training for Thai Union's Migrant Workers

As mentioned in the previous section, Thai Union rolled out an Ethical Migrant Recruitment Policy in 2016 to reduce the potential vulnerability of migrant workers to labor exploitation, including the worse forms of child labor and human trafficking. Under the policy, successful candidates will receive training on terms & conditions of employment, complaint mechanisms, and relevant laws for working and living in Thailand, prior to leaving their countries of origin. Thai Union is responsible for the cost of training.

### 6.3) Training on Labor Rights for Thai Union's Migrant Workers

We aim to prevent instances of child labor and trafficking by ensuring our migrant workers in Thailand understand their rights, through a partnership with Labor Rights Promotion Network (LPN) Foundation, an NGO. In December 2016, Thai Union and LPN developed an educational labor rights booklet for migrant workers in the province of Samut Sakhon, Thailand. The booklet provides information on labor rights, child labor, children's rights and education, human trafficking, and emergency numbers. This community engagement program, helps ensure migrant workers understand their rights under Thai law, as well as educates them about the risks of human trafficking and how to protect themselves. In 2017, LPN distributed 20,000 human rights booklets to migrant workers and organized four training to migrant workers based on the contents of the booklets.

### 6.4) Supplier Capacity Building

As described in the previous section, all contracted and prospective suppliers that wish to conduct business transactions with Thai Union must sign an acknowledgement of the Business Ethics and Labor Code of Conduct, whereby they accept to strictly follow our mandatory principles and policies for human trafficking and forced labor. Following the launch of the Code, Thai Union established a supplier capacity building program to ensure that suppliers understand and can comply with the Code. The program creates awareness of the Code and addresses any emerging and ongoing social compliance issues.

In 2016, we organized a training on the CoC for Thailand-based suppliers of food ingredients, packaging materials, and logistics. 100% of our critical tier-1 supplier participated in the training. We also provided training to wild caught and aquaculture suppliers in 2016 and 2017, as well as to aggregators in the shrimp supply chain. In 2017 we provided an update on expectations for labor compliance and auditing to all of our international tuna suppliers through two workshops, held in Bangkok and Paris. We plan to organize another training on the CoC for our Thailand-based suppliers in March 2018. Furthermore in 2018, we will roll out a new capacity building program for vessel operators in our supply chain, to ensure that they are able to comply with the Vessel Code of Conduct (VCoC), in collaboration with ILO and International Transport Workers' Federation (ITF). Lastly, we will also hold a capacity building program for shrimp aggregators and farmers in our Thailand's shrimp supply chain.

## 7) IDENTIFICATION OF HUMAN RIGHTS VIOLATION

In addition to the policies, we implement a number of following measures to identify human rights abuse, including modern slavery and human trafficking, within our operations and supply chains. These measures comprise internal and external audits as well as provision of grievance channels.

### 7.1) Audits of Thai Union's Own Facilities

Our own factories 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; Amfori BSCI; SMETA; and Verité social capacity standards as well as a number of retailer specific programs to audit and verify safe and legal labor conditions.

We conducted internal audits of 9 Thailand-based factories in 2016 and expanded to 15 in 2017, against the criteria of the Thai Union's CoC, Ethical Migrant Recruitment Policy, and applicable labor law. Following the release of audit results, relevant staff must submit time-bound remedial action plan to address issues of non-compliance. The next round of internal audits will begin in 2018 and will cover all 15 subsidiary factories in Thailand.

### 7.2) Supplier Approval Process & Supplier Audits

Thai Union maintains rigorous to screen and approve potential suppliers before we can source from them. The screening and approval process is different across key types of procured goods & services due to different level of human rights risks associated with different supply chains.

First of all, compliance with the Thai Union's CoC is required for all suppliers. After the launch of the CoC, new suppliers must acknowledge and accept the CoC before supplying to Thai Union. Existing suppliers were requested to review and sign the CoC as well.

After the mandatory acknowledgement of the CoC, additional screening and audit policy varies across different categories of suppliers due partly to varying human rights risks. These policies are explained below.

- Approval and Audit Policy for Seafood Raw Materials Sourced from Thailand

Thai Union conducts an additional approval process for all locally sourced seafood raw materials from Thai-flagged vessels to ensure no Illegal, Unregulated, and Unreported (IUU) fishing and prevention of labor rights abuse. All suppliers must pass the Thai Union's pre-appraisal to ensure compliance with applicable laws & regulations including those related to human and labor rights abuse. The pre-appraisal comprises a physical review of all documents and/or vessels at suppliers' location. Required evidence for pre-appraisal includes but not limited to the following:

- Commercial Fishing License
- Vessel License
- Vessel Audit Certificate
- Aggregator License (where applicable)

Thai Union can start purchasing raw materials from the suppliers only after they pass the pre-appraisal. Furthermore, all suppliers are subject to the internal audit by Thai Union within the first three months after the pre-appraisal. From then on, regular internal and external audits will be conducted on randomly selected vessels. In 2017, Thai Union conducted the first external audit of Thai vessels supplying fish for pet food in our supply chain. The aggregate results of the audits will be published as a progress point under the "Safe & Legal Labor" Section of the SeaChange® website through the link [here](#).

In addition to the audits, each purchase from the approved suppliers must come with additional documentations to ensure no IUU and legal status of workers on board vessels. No raw materials will be used or payment of purchasing order will occur until the suppliers submit the completed set of documents as follows:

- Marine Catch Purchasing Document / Marine Catch Transportation Document
- Vessel's Port-In, Port-Out certifications (where applicable)
- Fishing Log Book (where applicable)

In 2018, we will introduce a new standard social audit tool for all vessels supplying to Thai Union, based on the Vessel Code of Conduct (VCoC) described in the previous section.

- **Approval and Audit Policy for Internationally Sourced Seafood Raw Materials**

Similar to the seafood raw materials sourced from Thailand, we also have a process in place to ensure traceability, no IUU fishing, and no labor abuses on board vessels, for all seafood raw materials sourced outside Thailand. Before supplying to Thai Union, suppliers must provide documentations such as information available to map full chain of custody down to vessels, National or EU Catch Certificate, and Captain Statement. Furthermore, supplying vessels must comply with the at-sea transshipment policy described in section 5.3. However, unlike suppliers of seafood raw materials sourced from Thailand, suppliers of internationally sourced seafood are not subject to internal audits.

In 2016-17, we conducted external audit of the fleet supplying tuna to our European markets. The audit checked against compliance with regulations by the European Union (EU) and the International Seafood Sustainability Foundation (ISSF); around IUU fishing; quality and food safety; our own Thai Union sustainability policy and CoC.



In 2018, we will introduce a new standard social audit tool for all vessels supplying to Thai Union, based on the Vessel Code of Conduct (VCoC) described in the previous section.

- **Approval and Audit Policy for Other Food Ingredients, Packaging Materials, and Logistics Providers based in Thailand**

For providers of food ingredients, packaging materials, and logistic providers based in Thailand, all potential suppliers must complete Self-Assessment Questionnaire (SAQ) on social compliance to evaluate their human and labor rights risks. The SAQ was developed based on the Thai Union's CoC. Suppliers identified as high risk based on the SAQ responses will receive independent third-party audits to verify their ability to comply with the CoC. Suppliers identified as medium risks are also subject to the third-party audits if they do have selected social standard certifications such as Sedex Members Ethical Trade Audit (SMETA), Amfori Business Social Compliance Initiative (BSCI), Social Accountability (SA 8000), or Thai Labor Standard (TLS 8001).

Suppliers that do not pass the audit have an opportunity to undergo a supplier performance improvement program, which helps suppliers develop their practices to meet Thai Union's social compliance requirements. Refusal to participate in the performance improvement program will lead to termination of the supplier in question. During 2016-2017, about 8% of the total number of suppliers received third-party audits by SGS, an auditor. The second phase of third-party audits to be conducted by Intertek will commence in mid-2018, with the target of auditing approximately 30% of the total number of suppliers.

- **Special Oversight & Audit Policy for Shrimp Supply Chain in Thailand**

While Thai Union co-owns a very small number of shrimp farms, vast majority of our shrimp are sourced from supplier farms to help meet market demand for our products. We buy shrimp primarily from aggregators who in turn aggregate catches from their network of shrimp farmers.

In addition to processing shrimp, we also produce shrimp feed for our own shrimp farms and for sales. Shrimp feed is primarily made of fish meal from independent producers. Fish meal is in turn produced from bycatches or other wild-caught fishes deemed unsuitable for human consumption.

Thai Union identified early on perceived high risk of labor rights abuse in shrimp farms and on board vessels supplying fish for fish meal in our supply chain. In 2016, 100% of our shrimp feed supply chain was externally audited by UL, in collaboration with the Seafood Task Force. To reduce risk, in 2016 we vertically integrated all external pre-processing, bringing in house over 1200 workers with the oversight of a local NGO partner to ensure all new staff had safe and legal labor. In addition, we conducted internal audit on over 90% of the fish meal plants and 60% of the vessels in the supply chain in 2017, with the goal of meeting 100% in 2018. We are also implementing a new program to strengthen human rights due diligence on our entire shrimp supply chain, consisting of supply chain mapping, auditing, engagement, and capacity building.

### **7.3) Grievance Mechanism**

We provide several grievance and whistleblowing channels for reporting unethical treatment of workers in our operations and our supply chains. Any Thai Union employees, contractors,

suppliers, and their employees may report actual or suspected breaches of the CoC, including practices of modern slavery and forced labor, to Thai Union confidentially and anonymously. These grievance channels provide workers with voice and allow Thai Union to monitor incidences and patterns of unethical labor practices, including modern slavery and forced labor, that may not be detected through audits. These channels are as followed:

- [Confidential Email](#) – Anyone can report actual or suspected breaches of the CoC by our employees or our suppliers through the confidential email. This confidential email is applicable for any Thai Union’s sites, offices, and suppliers globally.
- [Internal hotline](#) – This hotline is available to any Thai Union employees to request consultation on employee relation issues or report grievances anonymously.
- [Suggestion boxes](#) – each Thai Union factory in Thailand provides suggestion box for workers to anonymously report grievance.
- [Human Resources Clinics](#) – each Thai Union factory in Thailand sets aside a dedicated time for any workers to seek consultation on employee relation issues as well as report grievances confidentially.
- [Welfare Committee](#) - in Thailand, an employer with certain number of workers is legally required to establish welfare committee whose role is to provide consultations and opinions about welfare issues that are beneficial to the company and its employees. The Committee will also monitor, control and take care of the provision of welfare from employers for employees and generally will be encouraged to work to enhance social dialogue opportunities between the company and its employees. In Thailand, all of our factories have established welfare committee. Starting in 2016, Migrant Worker Rights Network (MWRN) worked with Thai Union to promote and support our migrant workers’ election into the Committee, to ensure that their voice is represented.
- [Issara Institute’s physical outreach, independent helpline, smartphone app, and social media platform](#) - since 2014, we have been partnering with Issara Institute, an NGO tackling issues of human trafficking and forced labor, to improve conditions for workers in Thailand. In 2015, we provided workers with access to Issara helpline, provided free of charge and available in five languages to accommodate migrant workers. Anyone can report issues of concern or requests for help independently of Thai Union management. The details of the helpline are provided in posters at our factories and the ports in which we operate, as well embedded within our CoC. In 2017, Issara Institute received about 900 calls and messages across Thai Union’s sites, and we have actively addressed key issues uncovered through this grievance channel. We will continue to partner with Issara Institute and other NGOs to strengthen access to grievance mechanisms such as hotlines in our facilities and supply chains.

## 8) OTHER ACTIVITIES RELATED TO HUMAN RIGHTS

### 8.1) Demonstration Boat Project

In 2017, Thai Union and Nestlé launched the successful first departure of a [demonstration boat](#) built to raise awareness among fishing boat owners, captains and crew of best practices to ensure the fair, safe and legal treatment of workers on vessels in the Thai fishing industry.

The two companies, in collaboration with Verité, renovated a standard Thai fishing boat, transforming it into a modern model with improved working conditions and labor standards on

board. The initiative was originally created in March 2016, supported by the Thai Ministry of Foreign Affairs (MFA), Southeast Asian Fisheries Development Center (SEAFDEC) and the Thai Department of Fisheries (DOF).

The vessel was renovated to meet standards set by the International Labour Organization's (ILO) C188 convention for human rights at sea, as well as to comply with Thailand's updated fisheries regulations. These regulations have been implemented progressively in the industry since 2015 to help secure the health, safety and welfare of seamen.

To date, we organized two training events in the provinces of Trat and Pattani to improve awareness and understanding on a wide range of topics such as ethical on-board living and working condition using the demonstration boat as a key medium. The events were organized in collaboration with Verité, Stella Maris, Nestle, and SEAFDEC. Participants include more than 100 vessel owners, captains, aggregators, and crew supervisors that are part of Thai Union's supply chain.

### 8.2) Digital Traceability Pilot Program for Vessels

We believe that traceability is the backbone of sustainability. Traceability gives us the ability to wholly trace our seafood. From catch to consumption, full traceability helps us to identify, investigate and improve upon the industry's most critical issues, including modern slavery and human trafficking. In 2017, Thai Union, Mars Petcare, along with a coalition of other industry and government groups such as USAID's Oceans and Fisheries Partnership (USAID Oceans), launched a [digital traceability pilot program](#). Inmarsat's "Fleet One" terminals were successfully installed on fishing vessels in Thailand, while the crew members, captains and fleet owners were trained on "Fish Talk" chat applications developed by Xsense that enable them to connect with families and peers around the world while at sea – an industry first for Thai fisheries.

The pilot program tests scalable platforms for electronic Catch Data and Traceability (eCDT) systems that utilize mobile applications and satellite connectivity, making it possible to demonstrate true electronic end-to-end traceability and supply chain management. More importantly for human rights, the pilot brings with it the ability for the workers on the vessels to use "Fish Talk", a compressed chat function that allows crew to communicate with loved ones back on shore.

### 8.3) Promoting Children's Right to Education through Preschools

In Thailand, many migrant workers' children have limited access to education due to language barriers and insufficient knowledge about the Thai school system. To promote children's rights to education, we established three preschools for children of our migrant and local workers in the province of Samut Sakhon, Thailand, in collaboration with the LPN Foundation. The schools help the children enter into the Thai education system so they can progress to primary schools. By encourage school attendance, the preschool program also ensures safety of children during the day and discourage child labor. Furthermore, we aim to open two additional preschools in 2018-19.

Thai Union also organized key education initiatives for children at our preschools throughout the year, including a [photography workshop](#), a [science camp](#), and a series of [football clinics](#) to promote physical education.

#### 8.4) ASEAN Economic Community Language Learning Center

Many migrant workers in Thailand face communication barriers due to language differences. To help resolve this challenge, SCC Thailand introduced the ASEAN Economic Community (AEC) Language Learning Center, which aims to place interpreters in Thai Union plants to communicate with migrant workers. This year, workers volunteered to teach Burmese, Lao, Khmer and English to SCC Thailand staff. In the future, SCC Thailand plans to extend the program by opening it to the general public. The program has resulted in an increased number of SCC staff interpreters, approximately half of whom are able to communicate with migrant workers at Thai Union plants.

#### 8.5) Promoting Local employment in Seychelles

Thai Union's Indian Ocean Tuna (IOT) factory has been a key contributor to the Seychelles' economy since it was established 32 years ago. In addition to the 2,300 people directly employed by the factory, the tuna processing activities have helped create 1,900 indirect jobs for the local economy. The factory's production relies on over 300 local suppliers and contractors including local businesses supplying the 4,000 meals that are served daily at the plant and its 53 employee residences. Thai Union also made plans to increase the number of Seychellois working for the factory, as part of its commitment to directly benefit the local community and in close collaboration with the Ministry of Employment.

This statement was reviewed by the Thai Union Board of Directors and authorized by the Chief Executive Officer and Executive Chairman. The statement will be reviewed annually and published on the Thai Union website.

A stylized blue ink signature of Cheng Niruttinanon.

Cheng Niruttinanon  
Executive Chairman  
Thai Union Group PCL

A stylized blue ink signature of Thiraphong Chansiri.

Thiraphong Chansiri  
CEO and President  
Thai Union Group PCL

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