
High Liner Foods Supplier Code of Conduct

Social Compliance Guideline

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Introduction: General Overview and Intent of Program

High Liner Foods (HLF) is committed to ensuring that working conditions in HLF's supply chain are safe, workers are treated with respect and dignity. To this end, this Supplier Code of Conduct (SCOC) establishes guidelines for suppliers ("Denoting acceptable Standards") regarding the treatment of suppliers' workers. HLF works hard to meet its customer requirements. In accordance with our customer requirements, HLF requires each supplier to abide by this SCOC not only for its own business, but also to make best efforts to ensure that the Standards apply throughout their respective supply chains. Accordingly, for purposes of this SCOC, the term "supplier(s)" shall include all direct and indirect suppliers to HLF, with direct suppliers to HLF being responsible for SCOC compliance by their respective suppliers, agents, third party providers and/or subcontractors.

Responsibility is one of HLF's core values. Operating our business with high ethical standards is an essential part of our business and is key to our past and future success.

Our Company respects international social compliance principles aimed at promoting and protecting human rights. Recognized standards articulated in applicable national and international laws, including International Labour Organization (ILO) standards, were used as references in developing this SCOC. While we recognize there are differences in laws, customs and economic conditions around the world, where such applicable laws or standards are different from the requirements of this SCOC, HLF expects suppliers to adhere to the laws of the applicable jurisdiction.

High Liner Foods has developed this social compliance program to be applicable to all its suppliers. High Liner Foods is committed to working with suppliers to ensure we maintain a socially responsible supply chain, and accordingly we expect suppliers to comply with all of the obligations as outlined in this SCOC.

Part 1: Supplier Requirements and The Standards

Section A: Supplier Requirements

General Compliance: Ethical/ Social Standards

- Supplier agrees to comply with all applicable laws and regulations of the jurisdictions in which the suppliers carry on business. Where such applicable laws or standards are different from this SCOC, HLF expects suppliers to communicate these differences through the audit process. Supplier shall ensure through self-audits, third party audits or approved certifications programs that all Places of Business, including those of any subcontractor or other supplier, are in compliance with all applicable laws and regulations.
- Supplier agrees to comply with all of the obligations as outlined in this SCOC. High Liner Foods reserves the right to cancel any outstanding order, refuse any shipments or otherwise cease to do business with a supplier if supplier fails to comply with any terms of the Standards.
- Suppliers are subject to announced and unannounced audits and/or verification audits by HLF and/or its third party providers, agents and/or subcontractors. Supplier shall cooperate with such audits. Supplier shall provide all reasonable assistance for the safety and convenience of auditors and inspectors in the performance of audits including providing adequate working area at the production facilities. Any costs incurred in connection with such audits shall be the responsibility of the supplier.

Suppliers must disclose to HLF in writing all Places of Business, and any Significant Supplier of the supplier. Finished production shall not be subcontracted in whole or in part without prior written consent of HLF.

Section B: The Standards

- ASC Tilapia Standard; <http://www.asc-aqua.org>
- BAP Seafood Processing Standard; <http://www.gaalliance.org/bap/standards.php>
- BAP Aquaculture Facility Certification; <http://www.gaalliance.org/bap/standards.php>
- BSCI Code of Conduct; <https://www.bsci-intl.org/our-work/bsci-code-conduct>
- Costco Supplier Code of Conduct; http://cdn.costco.com.au/web/vendor/Costco_Supplier_Code_of_Conduct_2011.pdf
- ETI Base Code; <http://www.ethicaltrade.org/eti-base-code>
- SA8000; <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937>
- SQF Ethical Sourcing Code; <http://www.sqfi.com/wp-content/uploads/Ethical-Sourcing-Module.pdf>
- Sedex Members Ethical Trade Audit (SMETA) report; <http://www.sedexglobal.com/ethical-audits/smeta/>
- UL-STR Responsible Sourcing Workplace Assessment (as utilized by Sysco & Costco); <http://www.ul.com>
- Marine Stewardship Council - Chain of Custody / Social Audit
- GlobalGAP G.R.A.S.P.(GlobalGAP Risk Assessment on Social Practice)

This statement applies to those portions of the listed standards that pertain to worker rights and occupational safety and health, and does not apply to requirements related to food safety or sustainability.

Part 2: Audit Program

Section A: Audit Scope

Supplier shall ensure through third party audits or approved certifications programs that all factories, including subcontractors' factories, are in compliance with all laws and regulations.

Section B: The Audit

The audit is the evaluation process conducted by an auditor in order to determine compliance with the standards. Audits are conducted by either HLF internal auditors, or by HLF approved 3rd party audit firms (See appendix 2 for the list of approved firms). All audits shall be uploaded to High Liner's SEDEX platform

A. Critical Violations

Definition: Findings of any of the following:

1. Illegal child labor
2. Forced, bonded, indentured, slave and illegal prison or convict labor, and human trafficking
3. Physical or sexual abuse
4. Bribery or attempted bribery
5. Health and safety conditions posing immediate risk to life and limb
6. Corruption, deception or falsification of records
7. Failure to follow Applicable Laws and Regulations that address the payment of minimum wage, overtime wage, timely wage payments, and failure to provide rest days may also be considered Critical Violations.

Actions Required:

All Critical Violations must cease immediately. Within 48 hours of notification to the Supplier of a Critical Violation, a detailed and proactive corrective action plan, addressing all Critical Violations shall be submitted to HLF.

Consequences:

The violating Supplier or Facility may be subject to immediate sanctions up to and including cancellation of the purchase order or contract, in whole or in part, and restrictions on future business. If the business relationship has been terminated, HLF may consider resuming business only after an audit, satisfactory to HLF, has been completed. A plan for sustainable improvement will be required.

Where a Supplier's Facility is cited with a second Critical Violation, or where a Supplier has contracted with a second Facility cited with a Critical Violation, HLF reserves the right to interrupt or terminate the business relationship.

B. Other Violations

Definition: Findings of the failure to comply with Applicable Laws and Regulations.

Actions Required:

The violating Supplier or Facility must present a detailed corrective action plan that includes a time frame for correcting each audit concern. HLF will review and approve the corrective action plan and set a target re- audit date. The time frame for any correction or re- audit may be extended at HLF's sole discretion.

Consequences:

If continuous improvement and eventual full compliance are not achieved within a reasonable time frame, HLF may terminate the business relationship with the Supplier or Facility. If the business relationship has been terminated, HLF may consider resuming business with the Supplier or Facility only after an audit satisfactory to HLF has been completed. A plan for sustainable improvement may be required.

Section C: Frequency of Audits

New Domestic or Import supplier:

Initial audit: As part of the vendor approval process, an initial social compliance audit would be required.

HLF has adopted a country risk based audit frequency that is determined by the status listed in the annual US Department of State TIP report . Visit site for latest TIP report <https://www.state.gov/reports/2019-trafficking-in-persons-report/>

Tier 1: Successful Initial Audit required, nothing further

Countries whose governments fully meet the TVPA's (Trafficking Victims Protection Act) minimum standards for the elimination of trafficking.

Tier 2: Audit every two (2) years (HLF Procurement Module reminders automatically sent to supplier)

Countries whose governments do not fully meet the TVPA's minimum standards but are making significant efforts to bring themselves into compliance with those standards.

Tier 2 Watch List: Yearly audit required (HLF Procurement Module reminders automatically sent to supplier)

Countries whose governments do not fully meet the TVPA's minimum standards but are making significant efforts to bring themselves into compliance with those standards, and for which:

- a) the absolute number of victims of severe forms of trafficking is very significant or is significantly increasing;
- b) there is a failure to provide evidence of increasing efforts to combat severe forms of trafficking in persons from the previous year, including increased investigations, prosecution, and convictions of trafficking crimes, increased assistance to victims, and decreasing evidence of complicity in severe forms of trafficking by government officials; or
- c) the determination that a country is making significant efforts to bring itself into compliance with minimum standards was based on commitments by the country to take additional steps over the next year.

Tier 3: Yearly audit required (HLF Procurement Module reminders automatically sent to supplier)

Countries whose governments do not fully meet the TVPA's minimum standards and are not making significant efforts to do so.

No tier ranking is permanent. Every country, including the United States, can do more. All countries must maintain and continually increase efforts to combat trafficking.

Section D: New Factory On-Boarding

HLF has now incorporated the SCOC into its pre-existing Supplier Approval & Audit Standards (SAAS) for all new and existing suppliers.

Section E: Training & Development Expectations

HLF supports and encourages the development of effective management training systems. HLF expects suppliers to continuously develop and stay current to national and international regulations and best practices. Use of the SCOC" and other comparable standards would be considered a solid foundation for suppliers towards meeting these expectations.

Suppliers shall be held accountable to ensure that training of employees, where necessary, is maintained to adhere to the SCOC.

Part 3: Appendices

Appendix 1: Glossary

Approved HLF Supplier: Supplier that has met all HLF SAAS requirements successfully

Assessment: The results of an audit that is evaluated by trained HLF staff and assigned an assessment rating which determines the various results regarding the frequency of future audits and the status of future production and shipments.

Audit: The evaluation process conducted by an auditor in order to determine what, if any, violations are present in the factory.

Auditor: The person(s) performing the audit that is evaluated by trained HLF staff and assigned an assessment rating which determines the various results regarding the frequency of future audits and the status of future productions and shipments.

Compliance: Following or meeting the obligations of a rule, agreement or guideline.

Continuous Improvement: Labour, health & safety, and environmental issues that can be improved in the factory for the well being of workers and/or betterment of its reputation or management practice.

Examples of continuous improvement include operating permits (if company has already applied for them), establishment of company policies on hiring practices, etc., records documentation, health & safety issues such as PPE, chemical storage, first aid, machine guarding, signage, etc.

Contract Workers: Workers who are hired for a specific period of time to conduct a certain kind of work as described and agreed to on the basis of a contract. In some parts of the world contract workers are taken into a second country under a labour contract that may not provide the workers with the same rights as the local workers. For example, the contract may prohibit the worker from quitting his/her job and seeking work at another facility.

Domestic Supplier: Domestic Suppliers are entities or individuals that sell domestic and/or imported merchandise (where supplier is the importer of record) to HLF in the local market.

Export Processing Zones (EPZs): Free Trade Zones (FTZs) or Qualified Industrial Zones (QIZs) are government approved industrial areas that are exempt from some (or all) of the normal commercial laws of the country that they are in. Sometimes the country's minimum wage laws and/or other labour laws do not apply to workers in these zones; however, HLF's standards will apply.

Facility Site: The specific factory that is being assessed, including workplaces and all facility land, structures and other improvements on the land owned or leased by the facility.

Factory: The facility that will produce the merchandise for sale by HLF, Inc., including subcontracting facilities, fresh product packing sites, and packaging facilities. Factories are designated by suppliers and are audited by HLF auditors or third party service providers.

Follow-up Audit: Subsequent factory audit which was required as a result of an earlier audit assessment. The SEDEX system tracks all Follow-up Approved with Conditions (AWC) and Approved audits (AWOC).

HLF: Means High Liner Foods and its subsidiaries wherever located.

Human Trafficking: Human trafficking is a modern-day form of slavery and can be further defined as: The recruitment, harboring, transportation, provision, or obtaining of a person for labour (forced, slave, debt bondage) through the use of force, fraud or coercion. Migrant workers are particularly vulnerable to coercion. Human Trafficking affects many different economic sectors including agriculture, apparel and textiles, and food processing and packaging. The SCOC applies to migrant workers used by a supplier.

Initial Audit: First time a factory is audited for HLF production or removal from “inactive” status. **Investigation Assessment/Audit:** An assessment or audit that takes place in response to an allegation received by HLF with the aim of verifying the conditions in the factory assessed to determine the validity of the allegation. All investigation assessments/audits are unannounced and generally conducted by trained HLF staff.

Material Safety Data Sheet (“MSDS”): Provides detailed information on each hazardous chemical contained in a chemical product, including the proportion of each chemical, and the potential hazardous effects, physical and chemical characteristics, and recommendations for appropriate human protective measures. An MSDS does not identify whether a material is a hazardous waste.

Non-compliance: Violation or failing to follow the obligations of a rule, law, regulation, agreement or guidelines.

Place of Business: Includes any location through which the supplier carries on business, including, without limitation, any office, Factory, Facility Site, or other fixed place of business, as well as any mobile place of business such as a fishing vessel or other vehicle.

Personal Protection Equipment (PPE): Safety equipment worn by employees to protect against physical hazards. Examples of PPE: eyewear, face shields, ear plugs, hard hats, gloves, foot protection.

Prison Labour: Prisoners are used as part of the work force. Under prison labour arrangements, prisoners may be brought to the facility, or the production may occur in the prison facilities. Although prisoners may be paid, because they often have no choice to refuse the work, this is often a kind of forced labour.

SEDEX: Application used by suppliers and HLF for most audit tracking purposes. Sedex, the Supplier Ethical Data Exchange, is a membership organization for businesses committed to Continuous Improvement of the ethical performance of their supply chains. Sedex provides a web based platform for sharing and viewing information regarding social/ ethical compliance audits and status of same. A simple membership allows the user to upload their current audit and share it with a customer. A more complex membership allows a member to share compliance audit information with customers who require this but also allow the same member to see the compliance audits of their entire supply chain.

Significant Supplier: includes any entity that is generally under contract and/or constitutes a greater than 10% portion of total operating expenditures, and/or any entity that is relied upon to provide essential goods and/or services to the supplier, as well as any organization which may reasonably pose material social, environmental and/or economic risk to the supplier and/or HLF.

Subcontracting/Subcontractor: When a supplier or contractor of HLF pays another company to do the work that HLF has paid the primary supplier/ contractor to provide, this is subcontracting. Ethical Sourcing audits will be conducted at subcontractor's factory if the factory is:

- Producing finished merchandise where substantial manufacturing occurs to render the product a finished article of commerce ready for consumption.
- Part/component of a product containing a HLF private label or proprietary brand logos
- Producing a major component of finished product that could be sold independently
- Further handling merchandise containing HLF private label or proprietary brand logos
- Producing packaging material containing HLF private label or proprietary brand logos
- It is the responsibility of the supplier to disclose all such subcontractors used for HLF merchandise

Supplier: A company, individual or organization that supplies merchandise or services to HLF. The term "supplier" is used to describe all direct and indirect suppliers of HLF, including . It also includes all manufacturing, Subcontracting and packaging facilities producing merchandise or raw materials for use or sale by HLF.

TVPA: of 2000 is the first comprehensive federal law to address trafficking in persons. The law provides a three-pronged approach that includes prevention, protection, and prosecution.

Unannounced Audit: A factory audit which is conducted without any prior notice to the supplier or the factory.

Verification Assessment/Audit: An assessment or audit that takes place in addition to the initial Assessment, with the aim of verifying that the information in the Supplier's declaration or an audit report issued by a third party accurately represents the conditions in the factory assessed.

Wages: Monetary compensation (money) paid to workers for producing goods or providing services.

Appendix 2: High Liner Foods Approved 3rd Party Audit Firms

SAI SA8000 was developed in 1997 to be a tool for promoting human rights in the workplace; it is designed to be verifiable and to include the key elements of an ethical workplace. Research showed that company codes of conduct varied greatly in both content and verifiability and there was a need for a standard which could be used internationally and verified in a consistent manner.

Social Accountability International (SAI) is a nonprofit organization dedicated to the development, implementation and oversight of voluntary verifiable social accountability standards. SAI is committed to ensuring that standards and the systems for verifying compliance with such standards are highly reputable and publicly accessible. Social Accountability International (SAI) works to improve workplaces and combat sweatshops through the expansion and further development of its first international workplace standard, SA8000, and the associated SA8000 verification system. SAI's social accountability system approach is based on capacity building, transparency, credibility and verification.

All SAI Accredited Certification Bodies

<http://www.saasaccreditation.org/accredcertbodies>

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