

Fighting Against Forced Labour and Child Labour in Supply Chains Act Report

Financial Year End June 30, 2023

Introduction

In accordance with section 11 of Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"), this Report has been prepared by Sunrise Foods International Inc. (the "Company") for the financial year ended June 30, 2023. Although not required to report under the Act, this Report also highlights policies related to human rights at the Company's subsidiaries.

This Report describes the Company's structure, business, and supply chains. The Report also outlines the measures taken by the Company to identify and mitigate potential risks of forced labour and child labour in its operations and supply chains. The Company's principles on protecting human rights are informed by international standards, such as The International Labour Organization's International Labour Standards¹, the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises², and the United Nations Sustainable Development Goals.³

The Company fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in its operations and supply chains. Respect for human rights is fundamental to Company values, the long-term stability and growth of the Company's business, and to the wellbeing of the communities in which the Company and its subsidiaries operate.

The Company maintains a risk-based due diligence approach on forced labour and child labour. The Company adheres to applicable labour laws, including those in the jurisdictions in which its subsidiaries operate, and is not aware of any forced labour or child labour practices occurring within its supply chains or activities. The Act came into force on January 1, 2024, and although at the end of the last financial year, June 2023, the Company had

¹ International Labour Organization, [International Labour Standards](#).

² Organisation for Economic Co-operation and Development, [OECD Guidelines](#).

³ United Nations, [Sustainable Development Goals](#).

taken limited steps to identify and assess the risk of forced labour and child labour in its supply chains, by following a risk-based approach, the Company is committed to continuous improvement of its policies and practices.

Company Overview and Mandate

Headquartered in Saskatoon, Saskatchewan, Canada, the Company is a leader in the specialty agri-food ingredient sector. The Company's business consists of sourcing and marketing certified organic and Non-GMO grains, pulses, oilseeds, and specialty crops from Canadian and global producers and suppliers, and delivering them to a global customer base. The Company is committed to conducting its business in a manner consistent with fundamental responsibilities in the areas of human rights, social, and environmental due diligence.

Organizational Structure and Governance

The Company is incorporated under *The Business Corporations Act, 2021*⁴ in the Province of Saskatchewan. The Company's registered office is located at 306 Queen Street, Suite 200, Saskatoon, Saskatchewan, Canada, S7K 0M2.

The Company is a privately held corporation led by a CEO and Board of Directors. The Company's direct and indirect controlling shareholders are not required to report under the Act. As such, the activities of such direct or indirect controlling shareholders are not included in the Report. The Company owns the subsidiaries identified in Table 1 below and its primary operations are conducted out of the first four subsidiaries listed, which are in the USA, Germany, The Netherlands, and the Republic of Türkiye.

On June 30, 2023, the number of employees working for the Company was 75.

⁴ [Chapter 6](#) of the *Statutes of Saskatchewan, 2021*.

The details of the Company's subsidiaries on June 30, 2023 were as follows:

Table 1:

Subsidiary	Direct or Indirect Ownership %	Core Business	Jurisdiction
Sunrise Foods International (USA) Inc.	100%	Grain Merchandiser	United States of America (USA)
Sunrise Foods International GmbH	100%	Grain Merchandiser	Germany
Sunrise Foods B.V.	100%	Grain Merchandiser	The Netherlands
Dia Bakliyat A.Ş.	100%	Grain Merchandiser	Republic of Türkiye
Sunrise Foods International B.V.	100%	Holding Company	The Netherlands
Diasub FZE	100%	Grain Merchandiser	United Arab Emirates
Lonca Depolama ve Nakliyat Hizmetleri A.Ş.	100%	Storage & Transportation Services	Republic of Türkiye
Giresunport Liman İşletmeciliği A.Ş.	100%	Port Management	Republic of Türkiye

Supply Chains

The Company engages in sourcing, marketing, and logistics of raw and semi-processed specialty agricultural commodities (primarily certified organic), at a wholesale level. The Company purchases commodities from a variety of regions and sources, including wholesale manufacturers, traders/handlers/vendors, and producers under supply contracts.

Customers

The Company markets its commodities to animal feed manufacturers, feedlots, food manufacturers, consumer product processors, and distributors.

Logistics

The Company transports its commodities using a network of truck, rail, and barge or vessel operations. Commodities are stored at or near ports, along major rail lines and other geographic locations in Company-owned facilities or in third-party leased facilities. Some commodities undergo cleaning or processing into value-added products at the Company's wholly owned or third-party processing facilities.

Suppliers

The Company wholly owns its major suppliers outside of Canada, which grants the Company enhanced supply chain transparency, traceback capabilities, and the capacity to proactively manage risks in the supply chain. The majority of raw commodities are sourced from vendors which are under supply contracts.

Sourcing Regions

In the financial year ending June 30, 2023, the Company sourced grains, pulses, and screenings from Canadian producers/suppliers. Commodities imported into Canada in the same year by the Company included food-grade oils and grains sourced from the USA and the Black Sea region.

Organic Integrity

As an organic commodity supplier, the Company maintains stringent standards in the procurement of products and services. New organic commodity suppliers must demonstrate compliance with relevant regulations and certifications, pass the Company's Supplier Verification Program, and provide appropriate organic regulation documentation. Ongoing product quality and integrity measures include announced site visits, internal controls, and product testing.

Third-Party Vendors

The Company procures a number of tertiary products and services outside of its core supply chain operations. These vendors include but are not limited to the following categories:

- Airlines
- Cleaning and Security
- Consultants/Professional Services
- Customs Brokers
- Hotels
- Insurance
- Machinery Operators
- Office Supplies/Furniture
- Organic and Other Certifiers
- Product Storage
- Product Testing and Sampling
- Restaurants/Caterers
- Shipping Companies
- Software/Hardware Vendors
- Transportation and Fuel
- Utilities

Identifying Risk

The Company's core workforce is comprised of skilled and experienced individuals located in Canada, and has therefore assessed the risk for child labour and forced labour as low in its Canadian business and supply chains⁵.

The risk of child labour and forced labour is higher in the Company's supply chains outside of Canada. According to *The Global Slavery Index*, there is a presence of modern slavery in some geographic regions from which the Company sources commodities due to factors such as displacement, migration, and discrimination⁶. The Company has not identified child labour or forced labour in its supply chains for the specific agricultural products it sources from countries outside of Canada, and the Company continues to monitor those risks in relation to the products it sources.

Outside of the Company's core supply chains, there are also risks associated with tertiary services and products wherein direct Company oversight is limited. The Company expects that third-party companies hired to provide tertiary products/services (See Third-Party Vendors, above) follow all applicable labour laws, noting that for the reporting period, the Company did not have processes in place to ensure that is the case.

⁵ Walk Free, [The Global Slavery Index 2023](#).

⁶ Walk Free, [The Global Slavery Index 2023](#).

Due Diligence and Risk Mitigation Measures

Laws and Regulations

The Company observes and abides by all applicable labour laws in Canada, as well as in the operating jurisdictions of its subsidiaries. These include, but are not limited to:

- Adhering to minimum age of employment requirements;
- Adhering to minimum wage requirements;
- Ensuring voluntary employment;
- Adhering to working hours/overtime requirements; and
- Protecting workers from any form of discrimination, harassment, or bullying.

Foreign Supplier Verification Program

The Company has a Foreign Supplier Verification Program (FSVP), which it believes to be aligned to industry reasonable practice with respect to food safety and quality assurance. In addition to this Program, the Company also enters into vendor agreements, engages frequently with suppliers, and conducts quality audits and on-site inspections. These processes grant the Company insight into supplier operations from a food safety and quality perspective.

Standards, Policies, and Procedures

The Company operates several policies and procedures that reinforce human rights, labour laws and standards, and ethical business practices. These documents undergo regular review to ensure their effectiveness and to ensure that the practices remain up-to-date.

The policies applicable to employees in Canada, the USA, and the European Union (EU) address human rights though not specifically forced labour and child labour. The Company's subsidiary in the Republic of Türkiye has a Social Responsibility Policy for its employees that prohibits the employment of children below 15 years of age.

On June 30, 2023, the Company and its American and EU subsidiaries had the following policies and procedures in place:

(1) Employee Handbook

The Employee Handbook, which includes a Terms of Employment section, is available internally to employees. The Company's Terms of Employment have been developed pursuant to the appropriate governing labour laws and include but are not limited to, the following clauses:

- Employment contracts;
- Working hours;
- Vacation, leave, and statutory holidays;

- Conflicts of interest;
- Compensation;
- Overtime; and,
- Benefits.

(2) Code of Conduct

The Code of Conduct (the Code) is available internally to employees and is distributed to customers. The Code communicates the Company's mandate and values, as well as the fundamental expectations of employees. The Code includes statements and actions related to the following:

- Company Values;
- Commitment to Our People;
- Business Ethics; and,
- Laws & Regulations.

(3) Anti-discrimination and Harassment Policy

This policy is embedded in the Code of Conduct and communicates the principle of equal treatment of employees.

(4) Sustainability Report

This report, available on the Company website, articulates the Company's achievements in relation to its sustainability goals, which have been shaped around the United Nations' Sustainable Development Goals.

On June 30, 2023, the Company's subsidiary **Dia Bakliyat A.Ş.** had the following policies and procedures in place in the Republic of Türkiye:

(1) Social Responsibility Policy

This policy articulates Dia Bakliyat A.Ş.'s adherence to applicable laws and standards in the Republic of Türkiye, concerning:

- Voluntary Work;
- Child Labour and the Right to Education;
- Inhumane Conduct;
- Minimum Wage;
- Working Hours; and,
- Freedom of Association, Collective Bargaining, and the Right to Join a Union.

(2) Ethical Principles Procedure

This policy articulates Dia Bakliyat A.Ş.'s business ethics and observance of the rule of law under the Constitution of the Republic of Türkiye. The Procedure includes statements and actions related to the following:

- Observance of fundamental human rights;
- Company values;
- Working principles; and,
- Employee responsibilities.

(3) Occupational Health and Safety Procedure

This policy articulates Dia Bakliyat A.Ş.'s commitment to complying with the laws, regulations, and standards pertaining to:

- The environment and occupational health and safety;
- Reducing workplace risk and enhancing safety;
- Improving employee and supplier environmental awareness; and,
- Providing and participating in occupational health and safety training.

(4) Human Resources Directive

This directive includes Human Resources practices regarding:

- Maintaining a positive work environment free from discrimination and harassment;
- The employee's right to join a union;
- Adhering to minimum age provisions and applicable labour laws; and,
- Adhering to a ban on child labour in accordance with ILO standards.

Forced Labour and Child Labour Remediation Measures

The Company is not currently aware of any forced labour or child labour practices occurring within its supply chains or activities. Accordingly, the Company has not undertaken any measures to remediate any forced labour or child labour to date.

Loss of Income - Remediation Measures

The Company is not currently aware of any forced labour or child labour practices occurring within its supply chains or activities. Accordingly, the Company has not undertaken any measures to remediate the loss of income relating to any forced labour or child labour to date.

Training to Employees on Forced Labour and Child Labour

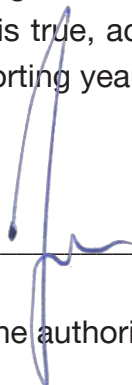
Through its Organic Integrity and FSVP programs, the Company provides supplier verification training. Noting that this training has not specifically included forced labour or child labour, the Company sees these topics as important and is committed to the continuous improvement of its training offerings.

Assessing Effectiveness

The Company periodically reviews and updates its policies and practices. For this reporting period, although the Company did not have specific policies or practices in place to measure and track its success in preventing and reducing risks of forced labour and child labour in its business and supply chains, the Company is committed to continuous improvement in this area, which may include partnering with an external organization to conduct an independent review or audit of Company actions in future.

Attestation

This Report was approved by the Board of Directors of Sunrise Foods International Inc. in accordance with Section 11(4)(b)(i) of the Act on May 28, 2024. 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 Sunrise Foods International Inc. 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.

A handwritten signature in blue ink, appearing to be 'J. Neufeld', is written over a horizontal line. The signature is stylized and extends both above and below the line.

I have the authority to bind Sunrise Foods International Inc.

Jacob Neufeld
CEO, Sunrise Foods International Inc.
29 May, 2024