



TOOTSI IMPEX 

Fighting Against Forced Labour and Child Labour in Supply Chains

2024 Annual Report

About this report

This report is the second document prepared by Tootsi Impex Inc. in compliance with Canada's Bill S-211, which mandates entities with certain criteria to report on their efforts to combat forced labour and child labour in supply chains. This is a joint report by Tootsi Impex and Natya Foods Ltd. for the financial year ending on July 31, 2024.

This report details Tootsi Impex's business and supply chain activities, identifies potential risks of forced and child labour, and outlines the preventive measures and ongoing actions we are taking to address these issues. This report will continue to be published annually to keep our clients and business partners informed about our ongoing commitment to transparency and the eradication of forced labour and child labour in our supply chain.



Our Business

Established in 1986, Tootsi Impex is a family-owned private business that imports, exports, and manufactures over 1,500 shelf-stable products. Tootsi offers a wide range of bulk and pre-packaged items, including nuts, dried fruits, snacks, superfoods, and more, in organic and conventional varieties. Based in Montreal, Tootsi caters to Canadian and American businesses and consumers. The company has established and maintains a network of global suppliers. These relationships are characterized by trust and a shared focus on delivering high-quality products that align with the company's values. Tootsi has its own manufacturing facilities, Natya Foods Ltd., as well as two registered brands: Yupik, a brand for pre-packaging goods, and Elan, a brand dedicated to organic products. Tootsi's internally manufactured products are crafted in facilities adhering to SFQ Level 2 standards. Several products also comply with different certifications, including Organic, USDA, Kosher, Gluten-Free and Fairtrade.

Our Commitments

Tootsi Impex is committed to ethical sourcing and recognizes the critical importance of ensuring that our supply chains are free from forced labor and child labor. It is our responsibility to uphold human rights and dignity at every stage of the supply chain. We hold our business partners to the same standard and demand transparency regarding labor practices. This report showcases our ongoing commitment to prevent and cease forced labor and child labor from our supply chains. It highlights the challenges we face, the progress we've made, and the strategies we employ to ensure that the products we import are ethically sourced and produced.



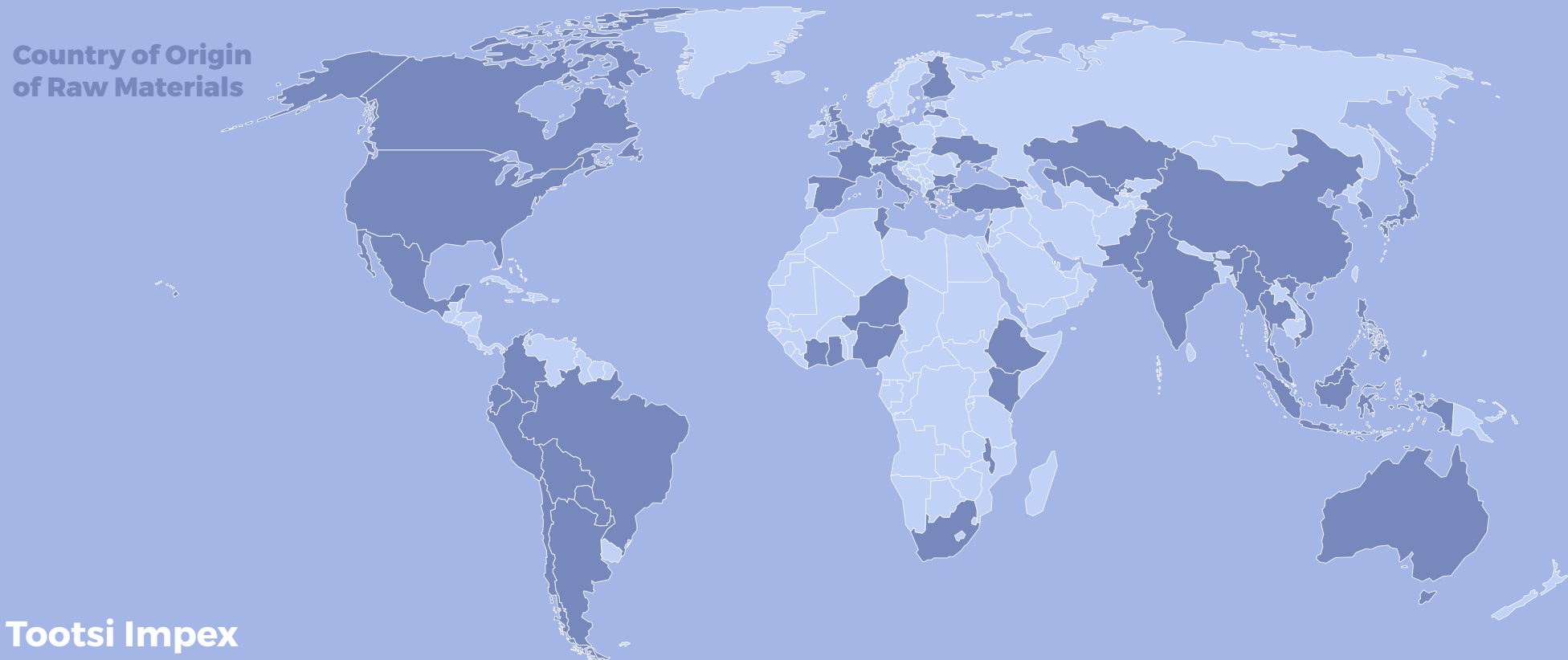
Tootsi Impex



Our Supply Chain

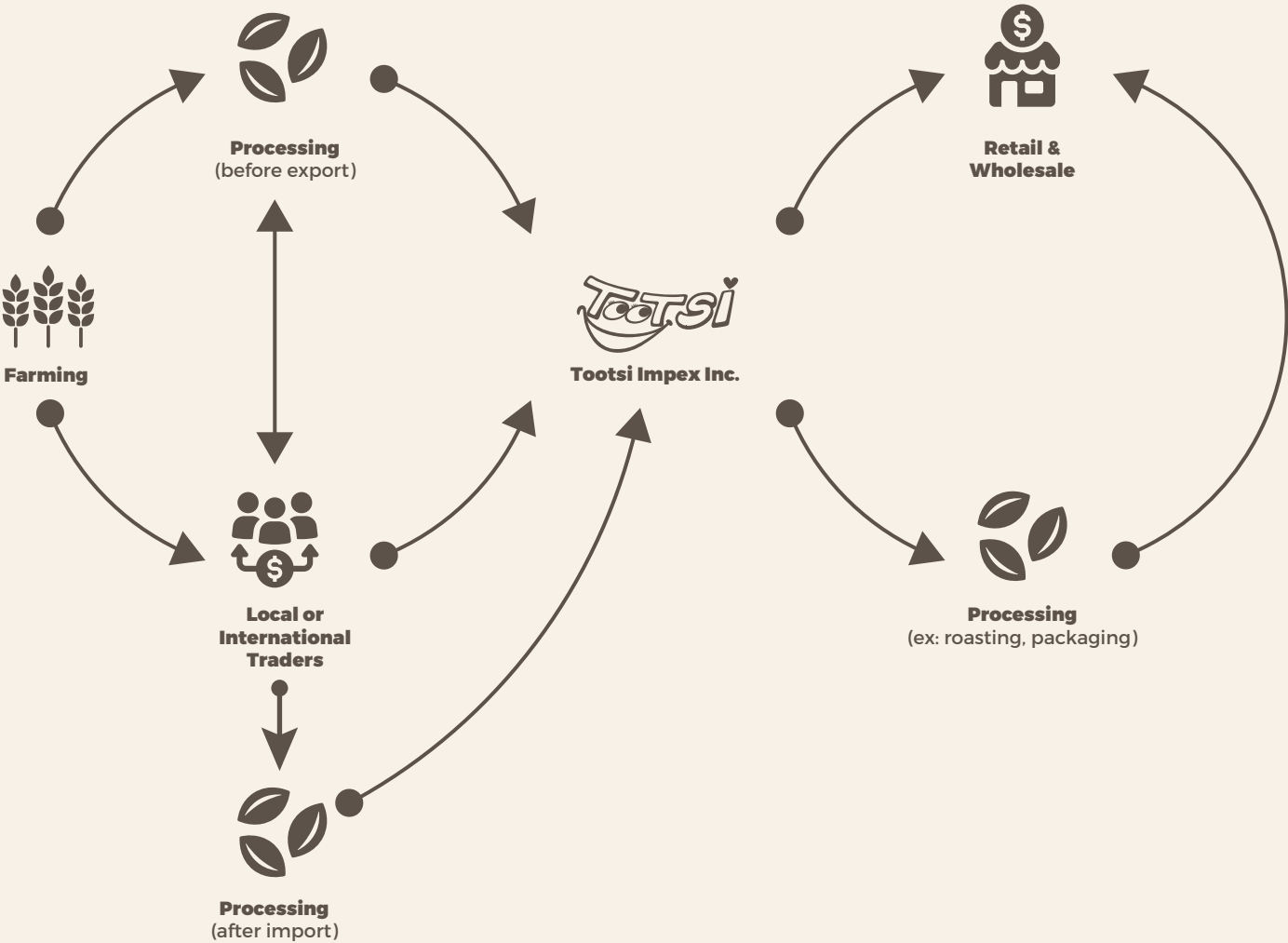
Tootsi Impex has a history of establishing strong ties with traders and suppliers worldwide. As a food company specializing in bulk ingredients, we prioritize understanding the origins of our products to ensure the highest quality for our clients. We meticulously select suppliers from geographically optimal locations for each specific product.

Our supply chain operates through several pathways to ensure we source the highest quality products from around the world. We operate either through an international broker or with local traders. We source the majority of our products directly from producers. Some products are processed locally before import, whereas others are processed after import before making their way into our facilities.



Once the products arrive at our business, they follow one of two pathways: either we process them in our state-of-the-art facilities through methods such as roasting, buttering, and seasoning, and then sell them to retailers and wholesalers in bulk or pre-packaged formats, or we sell the imported bulk raw products directly to retailers, distributors, and businesses without additional processing.

Supply Chain Activities



Policies and Due Diligence Process

To ensure the highest standards of ethical sourcing and labour practices, we have implemented a comprehensive due diligence process. These measures are designed to identify, prevent, and mitigate the risks of forced and child labour within our supply chain. As this is our second year, we are committed to continually enhancing our policies and adding new measures as we progress. Here are the key initiatives we have put in place to uphold our commitment to responsible business practices.

- **Established Committee:** We have formed a committee that meets during the year to monitor and devise strategies for preventing and reducing the risks of child and forced labour in our supply chain.
- **Supplier Code of Conduct Questionnaire:** We have implemented a Code of Conduct questionnaire for our suppliers to ensure their compliance with our labour standards (see annex). Suppliers doing business with us are required to actively address and eradicate exploitative practices from their supply chains.
- **Third-Party Assessments:** We rely on third-party assessments, such as the SMETA/Sedex audits conducted by our suppliers and through Costco Code of Conduct audits, which have certified a number of our suppliers to date.
- **Tier 1 Supplier Internal Audit:** As part of our due diligence, our team visited a supplier in Asia at the beginning of 2025 to assess working conditions. No signs of forced labour were observed, and all workers were directly employed adults.

SMETA (Sedex Members Ethical Trade Audit) is a widely recognized auditing framework designed to assess a company's ethical performance across four key areas: labor standards, health and safety, environment, and business ethics. SMETA offers a standardized auditing approach that enhances transparency for businesses regarding ethical trade practices and working conditions within their supply chains.

Risk Assessment Procedure

Although there is no standardized methodology to identify high-risk areas, it is widely recognized that certain regions and countries are more susceptible to conducting forced or child labour. For instance, various reports, including those from the U.S. Department of Labor, the International Labour Organization (ILO), and UNICEF, identify countries and commodities at high risk for forced or child labour. In 2024, we conducted our own supplier risk assessments. We have expanded our audits to Tier 1 suppliers and introduced a employee training and awareness mechanism.

We assess risk through the following measures:

- Supplier responses to our Code of Conduct Commitment questionnaire (see annex)
- Country of origin
- Type of products

Sourcing and Auditing

We maintain a chart categorizing our suppliers based on risk levels and audit status:

- Percentage of suppliers already assessed through our questionnaire.
- High-risk, mid-risk and low-risk suppliers
- Percentage of suppliers audited through third-party assessments, such as SMETA.
- We prioritize maintaining and building relationships with suppliers recognized for their efforts against forced labour, such as those that are Fairtrade certified.



Supplier Compliance and Monitoring

We have sent our Supplier Code of Conduct Commitment questionnaire to our suppliers. Our initial focus is on Tier 1 suppliers, who provide the raw materials, components, or finished goods that we offer to our clients and use in our production processes. Many of our suppliers have implemented their own Codes of Conduct or have formally acknowledged similar standards aligned with responsible business practices (see annex).

For suppliers who refuse to sign and comply with our Code of Conduct, we will leverage our business relationship, including the potential to terminate contracts. For new suppliers, we ensure compliance from the outset to maintain our standards against forced labour.

Training

We have developed an internal training course on recognizing forced labour. This course is integrated into our onboarding program for new employees and is mandatory for all current employees. The training will be refreshed and required every two years to ensure ongoing awareness and compliance. As of Q1 of 2025, 100% of our employees have signed our HR training course regarding forced labour.

Assessing Effectiveness

We continue to assess the effectiveness of our processes by evaluating the percentage of suppliers who provide acceptable responses to our Code of Conduct Commitment questionnaire. This approach balances firmness with clarity to maintain control while encouraging supplier cooperation (see annex).

Approval and Attestation

As the CEO of Tootsi Impex, I am proud to present this report reflecting our commitment to ethical practices that cease forced and child labour within our supply chain. Our efforts to uphold these values are not just a response to regulatory requirements but core principles of our business.

I want to express my gratitude to our dedicated team, our suppliers, and our partners who share our vision and commitment. We recognize that this is an ongoing journey. We all need to continue defining our strategies, improving our processes, and working collaboratively to create a supply chain that promotes ethical practices. I encourage all our business partners to join us in this mission as we move forward with transparency, responsibility, and a shared commitment to a better future.

Sincerely,

A. Shayesteh

Ali Shayesteh, Tootsi Impex CEO

Tootsi Impex



Annex 1

Supplier code of conduct commitment

Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour.

The measures introduced through former Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), aim to increase industry awareness and transparency and drive businesses to improve practices.

Entities doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains. We, Tootsi Impex Inc. ask our suppliers to select all the steps below that apply to prevent and reduce risks of forced labour and child labour in their entities:

This list is not exhaustive, and suppliers are encouraged to name any other steps they have taken in the “Other” category and to provide additional information describing their actions.

Supplier:

Date:

- ☐ Mapping activities and supply chains
 - ☐ Conducting an internal assessment of risks of forced labour and/or child labour
 - ☐ Contracting an external assessment of risks of forced labour and/or child labour (SMETA or other social audit)
 - ☐ Developing and implementing an action plan for addressing forced labour and/or child labour AND enacting measures to provide for remediation of forced labour and/or child labour
 - ☐ Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily.
 - ☐ Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour
 - ☐ Developing and implementing anti-forced labour and/or -child labour contractual clauses
 - ☐ Auditing or monitoring suppliers
 - ☐ Developing and implementing training and awareness materials on forced labour and/or child labour
 - ☐ Engaging directly with workers and families potentially affected by forced labour and/or child labour to assess and address risks
 - ☐ Other, please specify:
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Annex 2

Internal Audit

Audit from Suppliers	Percentages
Total number of Tootsi suppliers committed to our Code of Conduct	100%
Suppliers developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour	75%
Suppliers mapping activities and supply chains	70%
Suppliers contracting an external assessment of risks of forced labour and/or child labour (SMETA or other social audit)	61%