

went right to core of Mazzetta Company's philosophy and guiding principles, and in that light, the decision to discontinue importing products from Bangladesh was an easy one to make.

We then began outreach efforts to The Solidarity Center to apprise them of our actions in response to their report, and to maintain an open dialogue on these issues. We received one letter from them in response to our outreach, but have not heard from them subsequently, nor have we been referenced in any of their subsequent publications.

Looking back and evaluating this event provided us with several key insights. Our ability to respond so quickly and thoroughly to the Solidarity Center's report really magnified the value of having full time auditors in our key regions. It also served to highlight the growing value of social audits that could serve to insulate Mazzetta Company and its customers against these and potential future allegations.

With this in mind, we have committed to having full time auditors in regions where we do business and have continued to expand our social audits at Mazzetta Company. Although this experience was not something we would wish to go through again, there is no question that we derived value from it. We'll discuss further in our Audit and Sourcing Goals section how we put these lessons learned into action.

#### ❖ **Spotlight on Thailand**

Beginning in late 2009 the Obama Administration, and in particular the U.S. Department of Labor, has spent a good deal of time taking a closer look at labor conditions among our foreign trading partners. Recently Thailand has emerged as a country of particular interest and thus we felt it necessary to briefly discuss some of the protocols Mazzetta Company has in place to ensure the integrity of our Thai supply.

By way of background, over the last three decades, Thailand has made the protection of children a priority in their labor laws. In 1987, Thailand created a Commission for Protection of Child Labor within their Ministry of Labor. In 1998, Thailand enacted the Labor Protection Act (LPA) which contains numerous protections for children. The LPA makes it illegal to employ children under the age of 15. The Act also prohibits children under the age of 16 to be employed in sea fishing unless the child is older than 15 and is employed on the same boat as his or her parent or guardian. In addition, an employer must notify the government within 15 days of employing a child under the age of 18 and within 7 days of the final employment of such child.



Thailand also enacted the Child Protection Act in 2003 which contains additional legal protections from child labor in forced labor conditions or completing hazardous and arduous work.

Thailand's focus on child labor also led the country to include specific protections for women and children's rights in their Constitution adopted in 2007. The Constitution incorporates the protections included in international conventions which Thailand has ratified. The Thai Constitution guarantees children access to 12 years of access to free education, however the Thai government put into effect a 15-year free education program in 2009 which goes above and beyond the 2007 constitutional mandate.

Thailand has also ratified two international agreements focused on the prevention of child labor. In 1992, Thailand ratified the Convention on the Rights of the Child. In 2001, Thailand ratified the International Labour Organization (ILO) Convention No. 182 on the Elimination of All Worst Forms of Child Labor. In 2008, Thailand issued a National Plan of Action to implement ILO Convention No. 182 which has helped coordinate Thailand's efforts to eliminate child labor across its various government ministries. Thailand has also worked closely with the International Organization for Migration, U.S. Agency for International Development (USAID) and the United Nations on child labor issues.

As a global company, Mazzetta Company has always been quick to condemn human rights violations anywhere in the world they might occur. Over the many years we have imported shrimp from Thailand we have never experienced any evidence of child labor being used in the shrimp industry. Nonetheless, as one of the largest U.S. importers of shrimp from Thailand, we have internal protocols and safeguards to ensure the highest standards and controls.

To that end, overseeing our Asian supply chain Mazzetta Company maintains a food scientist based in Bangkok who is a retired Colonel with 23 years' service in the U.S. Army Veterinary Corps. We routinely audit our Thai supply chain for quality, safety, and to ensure that the social conditions under which our supply is produced are of the highest quality. In addition, having an on-the-ground inspector in-country gives our customers the peace of mind they have come to expect from us. Further, every facility Mazzetta Company does business with in Thailand also undergoes a third-party social audit at least annually.

Mazzetta Company has also been in direct contact with the U.S. Department of Labor and members of the U.S. Congress who have shown interest in



learning more about the supply chain safeguards industry leaders have in place. In August of this year, delegations from both the Labor Department and Capitol Hill traveled to Thailand to observe labor conditions first hand. We have made our Thai inspector available to the delegations and in addition anticipate ongoing dialogue to better understand their concerns and to help educate them as to our efforts as a company.

#### ❖ **Audit and Sourcing Goals**

As was discussed in the preceding case study, Mazzetta Company set as a near term goal expanding significantly the number of third-party social audits we perform each year. In 2008 we conducted twenty-one third-party food safety audits and ten social audits. Through June 2009 we conducted eleven third-party food safety audits and four social audits with others scheduled for the near term. Our goal for 2010 is to match 100% of our third-party food safety audits with social audits.

In terms of sourcing, as was mentioned earlier, Mazzetta Company sources products from 19 countries around the world. Based on this diversity, we feel strongly about the benefits of certified products. At a minimum, a certified product – be it ACC, MSC, or another, carries with it a measure of social, environmental, and food safety standards. Certification alone does not satisfy our requirements at Mazzetta Company, but the benefits are such that we have set the near term goal of increasing the percentage of certified products we offer. Initially we will focus this effort on warm water shrimp as it represents our highest volume product, but gradually plan to move into other species and ultimately the products we offer as a whole. In 2007, roughly 40% of Mazzetta Company's warm water shrimp were ACC certified. In 2008 we increased that number to 50%. The goal we set last year was to achieve 75% by the close of 2010; however we're pleased to say that at we're well ahead of that goal reaching 95% midway through October of this year. Achieving this goal so quickly has a lot to do with the internal high standards of Mazzetta Company, but it is also likely a reflection of the continued maturation of the shrimp aquaculture industry. In either case, it is our belief that by awarding our business to farms and plants that are committed to sustainability through high certification standards we reaffirm our own commitment to these important issues. In the long run, we see that as the right decision for the growth and viability of our industry and also essential to ensure that future generations have the same resources available to them that exist today.

