



**FIGHTING AGAINST FORCED LABOUR AND CHILD  
LABOUR IN SUPPLY CHAINS**

2023 Report

Joint report pursuant to the  
Fighting Against Forced Labour and Child Labour in Supply Chains Act

Dated: May 30, 2024



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## INTRODUCTION

This report constitutes the first joint report (the "**Report**") prepared by Bitfarms Ltd. and each of its subsidiaries which also meet the reporting criteria, each of which is directly or indirectly owned by Bitfarms Ltd. (altogether "**Bitfarms**", the "**Corporation**" or "**we**"), pursuant to the new *Fighting Against Forced Labour and Child Labour Act* (the "**Act**") in place in Canada. The Report covers the reporting period from January 1, 2023, to December 31, 2023 (the "**Reporting Period**").

## GOVERNANCE

At Bitfarms, we ensure ethical and responsible decision-making through our Values and Code of Ethics and Business Conduct, embodying the principles that guide our corporate culture and as such, we will take necessary actions to identify and mitigate risks associated with forced labour and child labour within our operation and supply chains.

## OUR BUSINESS, ACTIVITIES & SUPPLY CHAINS

Bitfarms is a global vertically integrated Bitcoin mining company governed by the Business Corporations Act of the Province of Ontario in Canada.

Through its subsidiaries, the Corporation owns and operates server farms, comprised of computers (referred to as "**Miners**") designed for the purpose of validating transactions on the Bitcoin ("**BTC**") Blockchain (referred to as "**Mining**"). Bitfarms generally operates Miners 24 hours a day producing computational power (measured by hashrate) which it sells to Mining Pools on reputable cryptocurrency trading platforms.

As of December 31, 2023, Bitfarms operated 11 farms in four countries (Canada, the United-States, Argentina and Paraguay) using primarily renewable, clean energy provided by local hydro stations and companies in the countries where it operates, except for Argentina which uses natural gas.

Bitfarms' supply chains consist mainly of global and local suppliers, consultants and contractors from whom we purchase equipment and services. Bitfarms needs a reliable supply and transportation of specialized mining hardware to support, maintain and expand its activities and its primary hardware suppliers are based in China, Malaysia and Singapore. Furthermore, Bitfarms contracts with local enterprises for the construction, installation and in some cases maintenance services of its farms or specific equipment in the countries where it operates. Our suppliers play a key role in our ability to maintain our business and attain our environmental, social and governance ("**ESG**") goals and commitments, among which is Bitfarms' commitment to reducing the risk of forced and child labour existing anywhere in its supply chains.



## Structure

The table below shows the structure of Bitfarms and its subsidiaries, the location in which they operate, and the place of incorporation:

Country	Legal Form	Operations	Ownership	Jurisdiction of incorporation
<b>Canada</b>				
Bitfarms Ltd.	Corporation	Public holding company	Publicly traded under BITF on Nasdaq and TSX	Ontario
2872246 Ontario Inc.	Corporation	Holding company	Bitfarms Ltd. - 100%	Ontario
Bitfarms Paraguay General Partner Inc.	Corporation	General partner	Backbone Hosting Solutions Inc. - 100%	Canada (Federal)
Backbone Hosting Solutions Inc.	Corporation	Operating company, with operating subsidiaries	Bitfarms Ltd. - 65%; Bitfarms Ltd. (Israel) - 35%	Canada (Federal)
Orion Constellation Technologies Inc.	Corporation	Operating company	Bitfarms Ltd. - 100%	Quebec
9159-9290 Québec Inc. dba Volta Électrique	Corporation	Electrical contractor	Backbone Hosting Solutions Inc. - 100%	Quebec
<b>United States</b>				
Backbone Mining Solutions LLC	Corporation	Operating company	2872246 Ontario Ltd. - 100%	Delaware
Backbone Hosting Solutions USA Inc.	Corporation	Employment company - US based executives	Backbone Hosting Solutions Inc. - 100%	Delaware
<b>Argentina</b>				
Backbone Hosting Solutions SAU	Corporation	Operating company	Backbone Hosting Solutions Inc. - 100%	Argentina
<b>Paraguay</b>				
Bitfarms Paraguay Limited Partnership	Partnership	Operating company	GP - Bitfarms Paraguay General Partner Inc. - 100 units LP - Backbone Hosting Solutions Inc. - 1 unit	Ontario & Paraguay
Backbone Hosting Solutions Paraguay SA	Corporation	Operating company	Backbone Hosting Solutions Inc. - 90%; Bitfarms Ltd. - 10%	Paraguay
D&N Ingeniería SA	Corporation	Operating company	Backbone Hosting Solutions Inc. - 90%; Bitfarms Ltd. - 10%	Paraguay
Zunz SA	Corporation	Operating company	Backbone Hosting Solutions Inc. - 90%; Bitfarms Ltd. - 10%	Paraguay
<b>Israel</b>				
Bitfarms Ltd. (Israel)	Corporation	Dormant	Bitfarms Ltd. - 100%	Israel



## **Enterprise Risk Management (ERM), Culture and Philosophy**

Bitfarms is committed to robust risk governance under its ERM framework to ensure that the executive team strategically oversees and manages risks across all dimensions of operations. The framework is designed to ensure that risks are identified, assessed, mitigated, and monitored in a manner that is relevant, timely and supports our strategic objectives and corporate governance principles.

**Risk-Aware Culture** – We foster a culture that understands and respects the importance of risk management in achieving business success. Employees at all levels are encouraged to participate actively in risk identification and mitigation processes.

Being vendor reliant, Bitfarms accepts a low to moderate levels of risk related to supply chain vulnerabilities, particularly our reliance on a limited number of hardware suppliers. Our risk appetite reflects the necessity of maintaining supply chain integrity while actively seeking alternatives to mitigate single points of failure.

While we recognize the challenges associated with vendor concentration, especially for critical hardware, we maintain a low tolerance for non-compliance in our supply chain. We prioritize strong relationships with reputable vendors and are working towards a standard where all material procurement activities adhere to our strict compliance standards.

**Cultural and Operational Practices** – We are mindful of the risks that come from cultural diversity and local business customs that could affect our operations. We adopt a cautious approach to make sure that our labour, health, and safety practices comply with both local rules and our corporate values. We establish global policies to uphold international/high standards, while local standards are the lowest level we can accept.

## **STEPS TAKEN TO PREVENT AND REDUCE RISK**

In general terms, Bitfarms has taken the following actions during the Reporting Period in order to reduce the risk that forced labour or child labour is used at any step of our supply chains, as well meet general ESG objectives:

- Formed an Environmental and Social Responsibility Committee (“ESR Committee”) at the board level of the Corporation, the responsibilities of which include overseeing the Bitfarms’ programs and practices relating to environmental, health and safety, sustainability and corporate social responsibility (collectively the “ESR Matters”). The ESR Committee meets at such times and places as the Chair may determine, but in any event not less than two times per year. The ESR Committee reviews and make recommendations regarding Bitfarms’ environmental and social programs and practices which impact its stockholders, employees, local communities, partners and other key stakeholders and which impact its ability to effectively achieve its business goals.



- Formed an ESG Steering Committee as a cross-functional management committee of the Corporation, the purpose of which, under the oversight of the Board of Director’s Environmental and Social Responsibility Committee, is to assist the senior leadership team of the Corporation in (i) setting general strategy relating to ESG matters, including the mitigation of forced and child labour risks (“**ESG Matters**”); (ii) developing, implementing and monitoring initiatives and policies based on that strategy; (iii) overseeing communications with employees, investors and stakeholders with respect to ESG Matters; (iv) monitoring and assessing development relating to, and improving the Corporation’s understanding of ESG Matters; and (v) efficient and timely disclosure of ESG Matters to internal and external stakeholders.
- Implemented a Vendor Procurement Process and created a Know Your Counterparty Review Committee and specific procedures (collectively the "**Vendor KYC Process**") which is detailed further below in this Report.
- Conducted a review of the Corporation’s mandates and contractual clauses to include and address the identification and prohibition of forced labour and child labour within our supply chains and activities.
- Conducts its worker recruitment policies and procedures to ensure all employees are recruited on a voluntary basis and meet the minimum age-related working eligibility requirements in each jurisdiction where it operates.

Additionally, the Corporation has undertaken to:

- Hire or engage with a third-party provider, as and if required, to assess specific risks of forced labour and child labour in our supply chains.
- Seek advice from a third-party consultant about international best practices with regards to forced labour and child labour in our supply chains.
- Seek to identify in a more granular fashion the areas of higher risks of forced labour and child labour in our supply chains and in our activities and take necessary steps to actively manage that risk.
- Put in place information and offer awareness training to our employees specifically on forced labour and child labour in our supply chains.

## **POLICIES AND COMMITTEES**

As part of Bitfarms’ commitment to ethical and responsible business conduct, we strive to comply with the applicable laws and regulations in all the countries where Bitfarms has its activities, namely Canada, the United States, Argentina and Paraguay, as well as any jurisdictions in which we may operate in the future. Our policies and procedures also aim at setting out broad principles to support the recognition of human rights.



## **Code of Business Conduct and Ethics**

The Code of Business Conduct and Ethics of Bitfarms (the "Code") sets out its commitment to conducting its business and affairs with honesty, integrity and in accordance with the highest ethical and legal standards. The Code provides a set of ethical standards to guide each director, officer, employee, consultant and contractor of Bitfarms (collectively, "Representatives") in the conduct of their business. For each director, officer and employee, the Code constitutes conditions of employment, and for each consultant and contractor, the Code constitutes conditions of providing services to Bitfarms. This Code provides an overview of Bitfarms' expectations for its Representatives and is supplemented by other current policies adopted by Bitfarms and those other policies that may be adopted by Bitfarms from time to time.

Specifically, section 5 of the Code sets out our commitment to compliance with all applicable laws in all jurisdictions where Bitfarms operates. Section 11 sets out our commitment to conduct all business dealings undertaken on behalf of Bitfarms in a manner that preserves Bitfarms' integrity and reputation. Section 16 sets out our commitment to prohibit harassment of any individual which includes any unwanted conduct or comment that is intimidating, hostile, or offensive in the work environment.

## **Whistleblower Policy**

Bitfarms' Whistleblower Policy is in place to provide its Representatives with a confidential and anonymous process for disclosing complaints or concerns regarding any violations of the law or the Corporation's policies. The procedures under this policy provide Representatives with the opportunity to submit their anonymous complaints freely and be protected from any form of retaliation if any potential issues regarding modern slavery in either our operations or with our suppliers may arise.

This policy also describes how and where a complaint or concern can be submitted, who deals with complaints, how complaints are expected to be handled, processed and documented as well as the standards and principles that are expected to govern the processing of all complaints and concerns whether they are received from people within the Corporation or by third parties.

## **Anti-Bribery and Anti-Corruption Policy**

Our Anti-Bribery and Anti-Corruption Policy sets out Bitfarms' commitment to maintaining the highest standards of integrity and accountability in our business affairs while at the same time seeking to grow our business and enhance shareholder value. Specifically, Bitfarms does not tolerate any kind of association with our Representatives engaging in corrupt activities (including forced labour or child labour), and we require our Representatives to report actual or suspected acts of corruption.



## **Bitfarms, Human Rights and Social Responsibility**

As stated in the Code “The Corporation strives to ensure that its business is conducted in all material respects in accordance with all applicable laws, stock exchange rules and securities rules and regulations in all jurisdictions where the Corporation operates. This includes compliance with all applicable anti-bribery, anti-corruption, facilitation payment, anti-trust/competition, privacy, labour, human rights, environmental and securities laws in all material respects.

As part of the annual certification process to confirm compliance with the corporate policies of Bitfarms, including labour and human rights, all directors, officers, employees and, as appropriate, consultants and contractors, may be asked to participate in training sessions to help ensure that they understand the terms of the Code and all corporate policies of Bitfarms.

Bitfarms focuses on creating the best and safest working environment for our employees while also giving back to the people in the communities around our farms. Through its Sponsorship Policy, Bitfarms aims at promoting employee and community engagement through financial contribution in non-work-related events which are aligned with Bitfarms values, and as such provide revenue to the communities which can in turn be used for social programs in the communities where Bitfarms operates. The donations may take the form of strategic annual lump-sum or material donations to the community, sponsorship of corporate or sportive events of Bitfarms employees or their dependents. An example of engagement, in the city of Sherbrooke (Quebec, Canada), where Bitfarms operates three farms the Corporation has established a mentoring/internship program with the local *Centre de formation professionnelle* whereby over nine graduates from this program have become Bitfarms’ employees and benefited from targeted professional and technical training under the supervision of our experienced technicians. Furthermore, Bitfarms also contributes to the growth of many local businesses and sportive teams through sponsorships, such as hockey in the city of Baie-Comeau (Quebec, Canada), and the professional soccer team in the city of Villarrica (Paraguay).

## **Prevention of Harassment, Discrimination and Violence Policy**

Bitfarms recognizes that the consequences of harassment, discrimination and violence are harmful to the physical and psychological state of its employees in and outside of work, and may also affect colleagues, and the workplace more broadly through productivity loss, financial costs, reputational risks, and ultimately impacts society at large, including pressures on the healthcare and judicial systems.

Despite the fact that Bitfarms operates globally and that legislation and practices regarding harassment, discrimination and violence may differ, Bitfarms has adopted a zero-tolerance policy towards any form of harassment, discrimination, or violence in the workplace, regardless of the country in which it operates.





Bitfarms is committed to combat all forms of harassment, discrimination, and violence in the workplace. As such, it is taking all reasonable measures to eliminate such behavior and provide its employees with a safe environment by adopting a comprehensive policy based on prevention, support, and intervention.

Furthermore, Bitfarms expects all of its employees, vendors, contractors, and subcontractors to exhibit behaviors in line with its values that promote a safe, healthy and engaging work environment.

### **Diversity Policy**

Bitfarms recognizes the benefits of promoting diversity among our employees, management team and the Board of Directors to enhance organizational strength, problem solving ability and opportunity for innovation.

“Diversity” by definition is any dimension that can be used to differentiate groups and people from one another and includes gender and age, race, nationality, culture, language, sexual orientation, and other ethnic distinctions, education, regional and industry experience, and expertise. Inclusion is a collaborative, supportive, and respectful environment that increases the participation and contribution of all employees. Bitfarms is committed to fostering diversity and eliminating discrimination in the workplace, in respect of human rights principles.

## **DUE DILIGENCE PROCESSES**

As a dual listed publicly traded company, the global nature of Bitfarms’ business increases the number of regulations and scrutiny to which it is exposed, as well as the importance of mitigating risk exposure from vendors, partners and third parties.

### **Vendor KYC Process**

Bitfarms has created a Know Your Counterparty Review Committee and has developed specific procedures (the “**Vendor KYC Process**”) to assess and mitigate vendor risk. The Vendor KYC Process is intended to minimize strategic, financial, regulatory and reputational risk while doing business or resourcing services and goods from countries that attract high levels of regulatory scrutiny. The Vendor KYC Process has been prepared by the KYC Review Committee, is approved by the Chief Executive Officer and is reviewed at least every two years.

Pursuant to the Vendor KYC Process, Bitfarms does the following when engaging with a new vendor:

- Included in all contracts entered into with vendors and contractors is an attestation to the fact that they do not engage in forced or child labour practices with the right to audit if there is reason to believe such practices are employed with respect to products or services supplied to Bitfarms.



## **ASSESSING AND MANAGING THIRD-PARTY RISK**

Bitfarms recognizes that there could be risks of forced and child labour within its supply chains. As an initial step in assessing this risk, Bitfarms has reviewed the U.S. Department of Labor’s *List of Goods Produced by Child Labor or Forced Labor* (the “**List**”), which identifies potential increased risk of child and force labour in the production of electronics in China and Malaysia.

Bitfarms has not identified any instances of forced or child labour in its supply chains, including as regards electronics produced in China and Malaysia. Additionally, as described in *Steps Taken to Prevent and Reduce Risk* above, Bitfarms has taken steps to minimize this risk and has committed to undertake further such steps in future. As explained in *Policies and Committees* above, any use of forced or child labour in Bitfarms’ supply chains would be in violation of both the law and Bitfarms’ internal policies. Accordingly, Bitfarms will continue to monitor all such areas of risk and take immediate remedial action should any cases of forced or child labour be discovered.

Finally, Bitfarms intends to seek the services of a third-party specialized in risk assessment that uses relevant tools to help us continue our assessment of the specific risks of forced labour and child labour in our supply chains. Once this assessment is done and depending on our level of risk and recommendations received, we will thereafter put in place as soon as possible further preventative and remediation/corrective measures as appropriate.

## **REMEDICATION, TRAINING AND EFFECTIVENESS**

### **Remediation Measures and Loss of Income**

In 2023, we did not identify any instances of forced labour or child labour and do not currently have a formal policy on how we would remediate any loss related to such activities. Should forced labour or child labour occur despite our preventive efforts, we will address the situation in alignment with our established commitments, corporate policies and standards.

### **Training and Awareness**

Bitfarms deploys an online training platform providing online courses on various topics as part of its new employees’ onboarding program and continuous training for all its employees, including management. The courses available cover a variety of topics dealt with in our policies and procedures, including compliance with laws and regulations, and create awareness of human rights issues, including but not limited to preventing forced labour and child labour.

In 2023, external specialists supported the Corporation in educating its Board, ESG Steering Committee and key employees through a series of four ESG training sessions. The topics covered were the ESG landscape, climate change, ESG disclosures, governance and ESG integration into business strategy.



### **Assessing Effectiveness and Next Steps**

Bitfarms is committed to addressing the risks of forced labour and child labour within our operations and supply chains. As disclosed in this Report, Bitfarms has implemented and continues to deploy appropriate measures to prevent and minimize these risks. However, since Bitfarms has not identified any incidents of forced labour or child labour being used, no actions have been taken to assess the effectiveness of these measures.

Bitfarms understands and acknowledges the importance of vigilance and will continue monitoring all activities within its operations and supply chains to ensure that modern slavery risks are minimized and mitigated. Bitfarms is committed to reviewing our risk assessment at least annually and putting in place mitigating and/or corrective measures as needed going forward.

### **FORWARD-LOOKING INFORMATION**

This Report may contain forward-looking statements about the Corporation's objectives, plans, goals, aspirations, strategies, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this Report include, but are not limited to, statements with respect to the Corporation's anticipated future events and plans, and strategic initiatives. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Corporation and its management. Forward-looking statements reflect the Corporation's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. The Corporation's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Corporation can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

### **APPROVAL AND ATTESTATION**

This Report was prepared by Management, and it has been approved by the Governance and Nominating Committee, and the Board of Directors in accordance with the requirements of the Act, and in particular with section 11(4)(b)(ii) thereof, we, the undersigned, attest that we have reviewed the information contained in this joint Report for Bitfarms Ltd. and its subsidiaries which also meet the reporting criteria. Based on our knowledge and having exercised reasonable diligence, we attest that the information in this joint Report is true, accurate and complete in all material respects, for the purposes of the Act, for the Reporting Period specified above.



I make the above attestation in my capacity as a director of the Board, for and on behalf of the Board, and not in my personal capacity.

I have the authority to bind Bitfarms.

(s) Edith M. Hofmeister

Name: Edie Hofmeister  
Title: Chair of the Environmental and Social  
Responsibility Committee  
Date: May 30, 2024

I make the above attestation in my capacity as a director of the Board, for and on behalf of the Board, and not in my personal capacity.

I have the authority to bind Bitfarms.

(s) Brian Howlett

Name: Brian Howlett  
Title: Lead Director  
Date: May 30, 2024