

MODERN SLAVERY REPORT [2023]

C.L. Benninger Equipment LTD



This Modern Slavery Report (the “Report”) addresses the period from January 1st, 2023, to December 31st, 2023. and has been prepared in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Act”).

This Report is made on behalf of C.L. Benninger LTD. A French version of this Report may be requested from C.L. Benninger LTD by emailing jstimpson@southpointeq.ca.



I. INTRODUCTION

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading business in the agricultural equipment industry, C.L. Benninger Equipment Ltd recognizes the important role that we have in ensuring that the supply chains that support our operations and products, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during Fiscal 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by C.L. Benninger Equipment Ltd or of goods imported into Canada by C.L. Benninger Equipment Ltd.

II. OUR BUSINESS

C.L. Benninger Equipment Ltd is a farm, light construction, lawn, and garden equipment dealer headquartered in Chatham, Ontario, Canada. We are a corporation that distributes agricultural equipment including tractors, planting, seeding, and harvesting equipment, outdoor power, and power sports equipment. We also supply parts, construction attachments, agricultural implements, and services to support those products. We operate 3 physical locations in Chatham, Essex, and Wyoming, all of which are situated in Ontario, Canada. Our customers are largely the end-users of our products, which largely include family farms and agricultural businesses located in Canada. We occasionally supply agricultural equipment and associated products to other distributors in Canada.

C.L. Benninger Equipment Ltd supply chain includes businesses that supply agricultural parts and equipment, light construction equipment, and lawn equipment and supply services to our organization. We receive goods from our suppliers in their final form, or that require further processing. Most of our direct suppliers are North American-based agricultural equipment manufacturers and distributors, who are based in Ontario, Georgia. Our supply chain also includes businesses that are based in other parts of the world such as Germany and Japan.

In total, we procure goods and services from approximately 100 suppliers and contractors. Further information about our business can be found on our website clbenninger.com.

III. OUR POLICIES

Policies

Through our Code of Ethics, Human Rights, Recruitment, Illegal Labour, and Children in the Work policies, we communicate our values and expectations, setting a high bar for ourselves and for our suppliers, and make it clear that we do not tolerate any forms of forced labour or child labour. We are committed to consistently evolving and improving our approach. We do not tolerate child, forced or bonded labour in any of our operations, or in the operations of our suppliers, subcontractors, and other business partners. Our relevant policies are discussed in further detail below:

Code of Ethics Policy

We are committed to conducting our business in a lawful and ethical manner. Our Code of Ethics is the foundation of our company policies and sets out guiding principles on professional conduct and establishes that in performing their job duties, C.L. Benninger Equipment Ltd employees should always act lawfully, ethically and in the best interests of C.L. Benninger Equipment Ltd.

Intent

C.L. Benninger Equipment Ltd is committed to conducting business openly and ethically. We accomplish this by creating a workplace built on the strength of trust, accountability, and integrity in all our business practices. It is the responsibility of every employee to build and maintain this code of ethics by supporting and actively participating in the process. Every employee can actively support and participate in the process by ensuring their words and actions reflect company values.

Guidelines

At C.L. Benninger Equipment Ltd we strive to protect all our employees, vendors, customers, and the company itself from any illegal or damaging actions committed by individuals either knowingly or unknowingly. C.L. Benninger Equipment Ltd does not tolerate unethical behaviour and will take immediate and appropriate disciplinary action to correct any issues.

All employees must always adhere to applicable laws. Employees must not engage in or condone any unlawful activity or attempt to circumvent the clear intention of the law. Employees must also adhere to all company policies.

If an employee discovers illegal activity related to the workplace, they must report the activity to any member on the Management Team and the Human Resources Manager immediately. The company will not retaliate or condone acts of retaliation against any employee who initiates a complaint, reports illegal activity, or reports suspected violations of company policies.

Human Rights Policy

Intent

C.L. Benninger Equipment Ltd is committed to providing equal treatment with respect to employment according to the protected grounds established under the Ontario Human Rights Code. As part of these obligations, the company provides accommodation up to the point of undue hardship for needs arising from the prohibited grounds of discrimination under the *Human Rights Code*. C.L. Benninger Equipment Ltd has adopted this policy to ensure that our employees are provided with meaningful employment that is ethical and fair and follows all applicable employment and human rights legislation. This policy outlines the accommodation process and the responsibilities of different parties in that process.

Guidelines

Our Human Rights Policy is in place to ensure we provide a working environment for all employees that fosters openness and tolerance. This policy is intended to ensure that C.L. Benninger Equipment Ltd practices and the practices of all our employees are free from direct and indirect discrimination. Under the

Human Rights Code, employers have the ultimate responsibility for ensuring a healthy and inclusive work environment, including preventing and addressing discrimination and harassment.

Prohibited Grounds of Discrimination:

- Age
- Ancestry
- Citizenship
- Colour
- Creed
- Disability (mental or physical)
- Ethnic origin
- Family status
- Gender expression
- Gender identity
- Marital status
- Place of origin
- Race/colour
- Record of offences
- Sex
- Sexual orientation

Recruitment Policy

Intent

C.L. Benninger Equipment Ltd follows equal opportunity and fair hiring practices when filling positions, and to ensure the success of our business hires only the most qualified individuals. C.L. Benninger Equipment Ltd has adopted this policy so that all employees and potential candidates are fairly and consistently considered for employment opportunities.

Guidelines Approval to Hire

Appropriate approval from the ownership group must be obtained in writing before recruitment. Details included in the approval are title, level, salary, essential functions and responsibilities, and the bona fide qualifications and background experience.

Children in the Workplace

Intent

C.L. Benninger Equipment Ltd values family and work/life balance. C.L. Benninger Equipment Ltd strives to provide our staff with a professional workplace for the transaction of business and requires that staff ensure that their children are cared for appropriately, outside of the workplace.

Guidelines

C.L. Benninger Equipment Ltd staff members shall not allow their children or any other relatives under the age of majority to be in the workplace during regular business hours, and/or at any time where the staff member is scheduled to work.

Staff members may bring their child / children or other relatives under the age of majority onto C.L. Benninger Equipment Ltd premises for visitation purposes where the employee is not scheduled to work. At no time may children be allowed into areas where safety is a concern.

In the event that a staff member brings their child or any other relatives under the age of majority onto C.L. Benninger Equipment Ltd premises for any period of time, they are required to provide direct supervision to the child / children and will be responsible for the actions of the child / children.

This Policy is not intended to prohibit children or other minors and family members from being in the workplace during C.L. Benninger Equipment Ltd sponsored events.

Illegal Labour

Intent

This document was developed to address C.L. Benninger Equipment Ltd policy regarding child labour, forced labour, human trafficking, and slavery.

Guidelines

C.L. Benninger Equipment Ltd is firmly committed to protecting individuals from the exploitations of illegal labour practices such as child labour, forced labour, slavery and human trafficking; such practices will not be tolerated by C.L. Benninger Equipment Ltd and are strictly prohibited.

C.L. Benninger Equipment Ltd will hold itself accountable to the highest ethical standards and will comply with and exceed all relevant and applicable local and international laws pertaining to illegal labour practices. In doing so, C.L. Benninger Equipment Ltd will not knowingly contract with or carry on a business relationship with any organization or employer that does not adhere to the same standards or is in violation of any relevant or applicable labour laws.

IV DUE DILLIGENCE

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks.

We acknowledge that employees working in our facilities and our supply chain are at potential risk of forced labour or child labour. To mitigate this risk, we follow a due diligence approach that includes the following steps:

- Conduct Risk Prioritization of our Suppliers.

- Map Supply Chains to suppliers/vendors in identifying Direct and Tier 1 suppliers.
- We have shared our policy and expectations with our vendors and suppliers and conducted a detailed and thorough risk assessment of our primary suppliers and partners to understand their compliance level.
- This risk assessment model has now been incorporated into our existing supplier and vendor approval program, as to ensure this important topic is covered off during any new supplier assessment.
- Confirm with Suppliers by requiring a Supplier Declaration in 2024 and going forward that goods and services supplies are not the product of Forced or Child Labour

Furthermore, C.L. Benninger Ltd has in place a contract management policy that helps to ensure that the Company's contractual arrangements with suppliers and service providers are appropriately reviewed and contain appropriate representations, warranties, and covenants regarding their compliance with applicable law in the course of performing their duties for the Company.

We conducted the following actions this reporting period to address our modern slavery risks; Commenced a review of our supplier contracts to include Modern Slavery clauses; created a Supplier Code of Conduct Policy; developed and rolled out an Internal Modern Slavery online training module to staff and owners; and made our management team aware of our Modern Slavery obligations.

Should credible concerns be reported in good faith or if the presence of forced or child labour is identified in a current or potential supplier's supply chains, we will conduct a thorough assessment of our collaboration with that supplier. Business relationships can be impacted if such issues are found and can lead to consequences (including not commencing or temporarily or permanently terminating business relationships) where appropriate.

IV. ASSESSING OUR RISK

C.L. Benninger Equipment Ltd operates primarily within Canada the United States. Our core suppliers are predominantly North American or European based. Each of these jurisdictions have robust pre-existing labour, employment and human rights legislation that mitigates the risk of modern slavery in our operations and supply chain. This is enhanced by our own governance framework and entering into agreements with reputable suppliers complying with applicable laws. Additionally, the Company performs due diligence on its prospective suppliers, vendors, and partners to evaluate their suitability through website visits, Glassdoor reviews, credit and supply chain reference checks, and other steps to evaluate their business assets and credibility.

Internal

We believe that the risk of forced labour or child labour among our personnel is negligible. Our Ownership team along with the rest of our Leadership Team oversee the application of our human resource policies. Our recruiting processes ensure compliance with the standards currently in force in Canada, where most of our personnel come from. We also recognize our personnel's right to freedom of association.

Within Our Supply Chain

We are aware that there may be a risk of forced labour at all levels of our supply chain. Currently, the company has processes in place to determine the risk of forced labour or child labour with first level suppliers. In that regard, when it comes to our industry, we assess the risk of forced labour or child labour as being minimal in terms of our direct suppliers. For certain types of materials, where we have identified specific risks by geographic region, or a specific material, the prevalence of this risk increases for suppliers located further down the supply chain. Identifying the risk for these indirect suppliers over which we have little control and visibility can prove to be complex, control and we continue to make reasonable efforts to understand this.

C.L. Benninger Equipment Ltd engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labour in our business and supply chains, we conduct a risk prioritization, review supplier websites and reviews, engage with our peers, map supply chains, conduct risk assessments, and provide our supplier code of conduct on our website.

To identify the business activities with the greatest exposure to these risks, we consider the following factors:

- Reliance on low skilled workforce
- Dangerous or undesirable work
- Long, complex, or non-transparent supply chains
- Commodity competition
- Jurisdictional risks including poverty, conflict, and enforcement of international human rights standards.

Our exposure to the risk of forced labour and/or child labour increases when we engage with third parties, particularly in categories such as transportation, manufacturing, and packaging. We recognize that our exposure of forced labour and/or child labour increases when we engage with suppliers who source goods or raw materials from countries where forced labour exploitation is known to occur. As such, we follow a risk-based approach to our due diligence activities. Our due diligence is prioritized to the most significant adverse impacts based on severity and likelihood of harm and focus our attention and resources.

V. OUR COMMITMENTS

We have started the process of identifying risks of forced labour and child labour in our supply chain, but at the time of this Report, there are still gaps in our assessments. The risks are primarily related to the industry we operate in, the types of products we purchase, sell, distribute, or import, the locations of our activities and operations, raw materials or commodities used in our supply chains, and our tier one suppliers. We do not supervise or control our suppliers and despite our effort to take increased actions to ensure our entire supply chain is free of any forced labour or child labour, there may nonetheless remain a risk of forced labour or child labour on products we source from third parties where we may not have complete visibility into their supply chain. The probability of encountering forced labour or child labour increases within our supply chain when engaging with indirect suppliers, necessitating heightened vigilance and proactive measures to prevent such circumstances from arising. Although we have not identified any forced labour or child labour in our activities and supply chains, we remain dedicated to continuous monitoring and caution, and we are committed to developing an appropriate risk management

framework at a later stage. Additionally, a Supplier Code of Conduct aimed at effectively managing our risks of forced labour and child labour in our supply chain is scheduled to be adopted in 2024. The Supplier Code of Conduct will articulate explicit expectations in this regard for our suppliers and, among other obligations, is expected to require our direct suppliers to certify an absence of forced labour in their supply chain.

Steps to Prevent and Reduce Risks of Forced and Child Labour in 2023

- Mapping supply chains.
- Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains.
- Conducting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains.
- 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 in the organization's activities and supply chains.
- Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour;
- Create an Action Plan for 2023 to implement anti-forced labour and/or child labour standards, codes of conduct and/or compliance checklists.
- Monitoring suppliers through websites and Glassdoor.
- Providing mandatory training on the Company's Code of Conduct and Human Rights Policy to all new Company employees.
- Undertaking a confidential engagement survey to solicit feedback from all employees regarding working conditions at the Company's workplaces.

Remediation Measures

Our Supplier Code of Conduct requires our suppliers to adhere to high standards of ethical conduct. Forced and child labour is strictly prohibited. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business.

In the event that we discover any forced labour or child labour in our business and supply chains, we take the following measures to remediate such forced labour or child labour:

- Suspension or termination of a supplier, sub-supplier or contractor.
- Actions to prevent forced labour or child labour and associated harms from reoccurring.

In the last financial year, we did not identify any incident of forced labour or child labour in our activities or supply chain. We therefore did not need to take any measures to remediate an incident of forced labour or child labour. If we do identify incidents of forced labour within our activities or supply chains, we will consider the appropriate remediation strategies in compliance with international standards.

Training

Every year, C.L. Benninger Equipment Ltd personnel at all levels are required to complete mandatory online courses to ensure that our Code of Business Conduct and Ethics is understood and properly applied to our daily activities. Every new employee of C.L. Benninger Equipment Ltd must complete mandatory online training on our values and policies, including our Code of Business Conduct and Ethics, and is informed of how to report wrongdoing under our Workplace Harassment and Violence Policy. We provide employees with ongoing and periodic training opportunities to ensure that all employees have current knowledge.

VI. OUR PROGRESS AND EFFECTIVENESS

As we strive to be more accountable to our customers and communities, we must disclose how we are performing, where we are improving and where we need to improve. Disclosure of our progress is important to build trust with our customers and show that we are dedicated to respecting our engagements. Recognizing the inherent complexity in assessing the effectiveness of our actions to ensure our entire supply chain is free of any forced labour or child labour, we acknowledge the importance of such evaluations in mitigating risks. While we have yet to establish formal policies and procedures for evaluating the effectiveness of the varied measures implemented to mitigate the risk of forced labour and child labour within our supply chains, we are committed to taking the necessary steps to assess their effectiveness.

PLANS FOR 2024

In 2024, we plan to undertake the following actions to further deepen and strengthen our work to combat forced and child labour in our business and supply chains:

(A) Area: Forced labour and child labour risks

Actions: Expand our supplier risk assessments to gain a deeper understanding of potential exposure to forced and child labour risks in our global supply chains.

(B) Area: Due diligence

Actions: Incorporate evaluation activities targeting forced labour and child labour risks into periodic supplier review processes.

(C) Area: Training

Actions:

- Create Whistle-blower and Specific Due Diligence policy and reporting procedures.
- Develop an awareness program for critical suppliers and contractors to increase their ability to spot signs of forced labour and child labour.


(D) Area: Assessing effectiveness

Actions: Develop key performance indicators to improve our understanding of specific risk exposures related to forced labour and child labour.

VII. APPROVAL AND SIGNATURE

This Report was approved by C.L. Benninger Equipment Ltd.'s General Manager on May 30th, 2024, and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at www.clbenninger.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the C.L. Benninger Equipment Ltd. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



PAUL R HAZZARD

General Manager, May 30th, 2024

I have the authority to bind C.L. Benninger Equipment Ltd