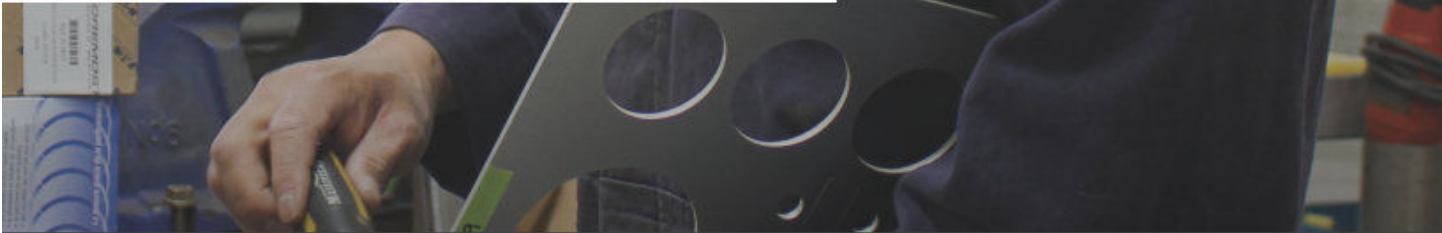




Modern Slavery Report

2024



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STRUCTURE, ACTIVITIES & SUPPLY CHAIN

The Foremost Income Fund (the Fund or Foremost) is an unincorporated, open-ended unit trust formed under the laws of Alberta and governed by a Deed of Trust (amended and restated as at March 11, 2022). Foremost Industries Ltd. is the Fund’s administrator.

The Fund conducts the majority of its business through three wholly owned subsidiary limited partnerships: Foremost Universal LP (FULP), Foremost Industries LP (FILP), and Foremost Equipment LP (FELP). Headquartered in Calgary, Alberta, with sales and manufacturing activities based predominantly in Western Canada, the Fund’s combined operations employed 555 people on December 31, 2023.

You can find more information about the Fund under the Foremost Income Fund profile at <https://www.sedarplus.ca>.

This annual report dated May 28, 2024 (the Report) is prepared in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the Act) for the financial year ended December 31, 2023 (the Reporting Year). This Report is prepared on behalf of the Fund and the following subsidiaries: FULP, FELP and FILP.

Consistent with the Fund’s focus on customer and market responsiveness, the operating segments reflect its two distinct business divisions: Foremost Mobile Equipment and Foremost Energy Equipment.



FOREMOST MOBILE EQUIPMENT (FME)

FME manufactures and services vacuum trucks (hydrovacs) and equipment; off-highway, large-wheeled and tracked vehicles; and equipment for the custom drilling, construction, water-well, and mining sectors. FME focuses on custom-built equipment for its global clientele, whom it serves through two manufacturing and service locations across Alberta.

FOREMOST ENERGY EQUIPMENT (FEE)

FEE, with its focus on the oil and gas industry in Western Canada, consists of two active manufacturing and service locations across Alberta. The locations manufacture and service oil-treating systems, shop tanks, field tanks, oil and gas process-treating equipment, fuel storage tanks, protective coatings, agriculture products, and gas separators.



FME – Supply Chain

FME employs various components to manufacture mobile equipment. It includes a broad range of goods, from truck chassis and engines to hydraulic pumps and motors, fabricated, processed, and raw steel parts, transfer cases, and many others. While most materials and services are sourced from North America or through North American distribution channels, some components originate from Asia and Europe.

FEE - Supply Chain

FEE primarily utilizes steel and related components, including castings, fittings, gaskets, pumps, and valves, to produce goods. Most of these materials and services originate or are sourced through North American distribution channels. A small percentage of materials are known to originate from Asia and Europe.

STEPS TAKEN TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

During the Reporting Year and in anticipation of preparing this Report, the Fund's supply chain, finance and legal teams conducted an internal assessment of the risks of forced and child labour in its activities and supply chain. This included reviewing and considering the location of Foremost's suppliers to determine if there were heightened risks associated with specific regions where Foremost obtains inputs for its manufacturing processes. Notably, in response to the implementation of the Uyghur Forced Labor Prevention Act in the United States, Foremost conducted a review of the location of all suppliers from China to determine whether any operate in regions that have a history of forced and child labour, such as the Xinjiang region.

As outlined in more detail below, as Foremost expanded its recruitment efforts internationally as part of its use of Canada's Temporary Foreign Work program, it focused on ensuring that all workers in such program were recruited voluntarily and were provided similar wages and working conditions as Foremost's Canadian employees.

POLICIES & DUE DILIGENCE PROCESSES

The Fund does not currently have in place policies specifically related to forced and child labour. However, as a more general policy, Foremost does not hire full-time employees or direct contractors under the age of 18, mitigating its child labour risk. Employees under 18 are generally employed as summer students while on a break from school or part-time as part of the Registered Apprenticeship Program, allowing high school students to earn credits and work towards registered apprenticeship hours.

Supplier Due Diligence

We conduct assessments of our suppliers to evaluate their adherence to ethical labour practices, including their efforts to combat modern slavery. This initial assessment is conducted via a questionnaire, and starting in 2024, it will include a section on Modern Slavery.

Supplier Terms and Conditions

We are committed to ensuring that our suppliers comply with applicable laws related to modern slavery, and during the Reporting Year, Foremost updated its supplier terms and conditions to outline our requirements and expectations for supplier relationships regarding modern slavery practices, which was subsequently rolled out in 2024. We hold our suppliers to high ethical standards, mandating compliance with all relevant laws and regulations on labour rights and human trafficking prevention. By clearly outlining these expectations, we strive to foster a culture of accountability and responsibility throughout our supply chain, promoting ethical practices and safeguarding against the risks of modern slavery.

Whistleblower policy

Foremost's whistleblower policy provides employees with a confidential avenue to report actual or suspected issues regarding, among others, breaches of applicable laws and unethical conduct, which could include modern slavery practices. This policy allows employees to report infractions without fear of retaliation and helps foster a culture of transparency and accountability. By ensuring that violations are disclosed in a timely manner and in an appropriate venue, the policy assists Foremost with satisfying its obligations under applicable law. No reports concerning breaches of modern slavery laws were filed during the Reporting Period.

FORCED LABOUR AND CHILD LABOUR RISKS

We recognize that the nature and extent of modern slavery means there is a risk that it may be present in our business operations and supply chain. Below is an assessment of the risks associated with Foremost's operations.

In our business:

- **Workforce** – We assess the risks of modern slavery practices within our direct workforce as low, considering that our operations are predominantly based in Canada, where robust legal, governance, and regulatory frameworks concerning human rights are firmly established. Given the nature and complexity of Foremost's operations and the requirement to use skilled trades, Foremost has not employed any full time workers or contractors under the age of 18, therefore there are no child labour risks. With respect to forced labour, as part of Foremost's recruitment process and as outlined in its employment documentation, Foremost confirms that any candidate accepting employment has done so voluntarily without duress or undue influence. During the Reporting Year, Foremost recruited and hired workers from the Philippines through Canada's Federal Temporary Foreign Worker Program. This program is overseen by Employment and Social Development Canada and pursued with the assistance of immigration consultants and the foreign government from which the workers are sourced. As part of this program, Foremost ensures that the workers are over 18, recruited voluntarily and provided wages and working conditions equivalent to their Canadian counterparts. Further, foreign workers hired by Foremost into union-equivalent roles are required to become members of the applicable union, and the collective bargaining agreements also govern their employment.
- **Subcontracting**—Foremost frequently engages the use of contractors, particularly for FEE field tank manufacturing and repairs. To Foremost's knowledge, no contractor has been engaged directly or indirectly by Foremost with employees who are under 18 years of age, so the risk of child labour is extremely low. It is important to acknowledge that even in low-risk environments, modern slavery risks persist when subcontractors are involved. Recognizing this, we will continue to perform our due diligence when hiring contractors to help mitigate potential modern slavery risks.
- **Industry and regional risks**—As a large and diverse industrial manufacturer, we operate in various markets, including oil and gas, mining, construction, agriculture, and water well sectors in North America and Internationally. While we strive to deliver high-quality solutions, it's imperative to acknowledge and address the modern slavery risks inherent in these industries. The complex and global nature of our supply chains, particularly in sectors like mining and manufacturing, poses challenges in ensuring ethical labour practices throughout the production process.

In our supply chains:

- Foremost sources most of its inputs and allocates a significant portion of vendor spend to Canadian-based suppliers, where the risk of forced and child labour is lower. However, these suppliers provide goods and services across multiple categories with various inputs to their supply chains, which may be sourced from potential high-risk jurisdictions. This could pose a risk of being indirectly linked to modern slavery in our supply chain, particularly when visibility into these sourcing practices is limited.
- The highest risk for forced labour and child labour comes from international suppliers, particularly in higher-risk jurisdictions such as China. As outlined above, we have conducted a mapping of direct suppliers from China to determine their location and whether they are located in areas that have a higher risk of forced and child labour.

REMEDIATION MEASURES

As the Fund has assessed that its activities carry a low risk of forced labour or child labour being involved for the Reporting Year, we have not identified any area where remediation measures are required.

REMEDIATION OF LOSS OF INCOME

For the Reporting Year, the Fund has not identified instances where vulnerable families have experienced loss of income due to steps the Fund has taken to eliminate forced labour or child labour risks and therefore no measures have been taken by the Fund in this area.

TRAINING

For the Reporting Year, the Fund has not provided any employee specific training in respect of forced labour or child labour risks and mitigation. However, the process of preparing for the implementation of the Act and the preparation of this Report has raised significant awareness of these issues with the Fund's supply chain, human resources, finance and legal teams, which are the main departments that have the expertise to address these issues.

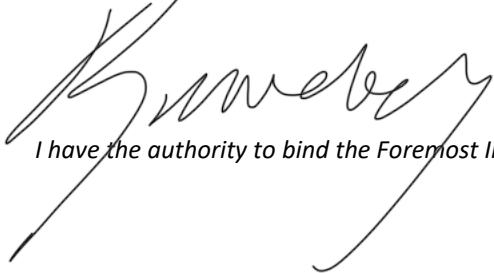
ASSESSING EFFECTIVENESS

The Fund has yet to take any actions to assess their effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chain during the Reporting Year. Going forward, Foremost is committed to regularly assessing the effectiveness of our modern slavery risk management program to ensure it remains responsive to evolving challenges. Our goal is to integrate further and reinforce the foundations of our compliance framework, enhancing our understanding and management of human rights risks within our operations and supply chain.

APPROVAL AND ATTESTATION OF THE REPORT

This Report has been approved by the Board of Trustees of the Fund pursuant to subparagraph (4)(b)(ii) of the Act. 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 the Fund and FULP, FELP and FILP. 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.

Bevan May
Lead Trustee, Chairman of the Board of Trustees
May 28th, 2024



I have the authority to bind the Foremost Income Fund