



Hacienda North Farms Inc.

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Hacienda North Farms Inc. 2023 Modern Slavery Report

Introduction

This document constitutes Hacienda North Farms Inc.'s (collectively "Hacienda", "we", "us" or "our") report ("Report") is pursuant to the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") and sets out the steps that Hacienda has taken and is continuing to take to combat forced and child labour in our business and supply chains. The Report covers activities for January 1, 2023 to December 31, 2023 for Hacienda.

Our business and supply chain

Hacienda is an advanced hydroponic greenhouse with operations based in Wheatley, Ontario. Hacienda greenhouse-grows produce, primarily consisting of bell-peppers, and sells them to a marketer in Canada.

Hacienda, located in Wheatley, ON employs Canadians and offshore workers who come to our farm from different countries (e.g. Mexico and Guatemala) to provide us with labour to support our year-round farming.

Our supply chains include the sourcing of materials to grow our produce, packaging supplies, contract labour, greenhouse and equipment purchases, maintenance components and other materials and services to fulfill our business lifecycle.

Our farm sources its materials including seeds, fertilizers, biologicals, pollination and growing media from Canadian suppliers. Water for irrigation is sourced from the town water and Lake Erie, while natural gas, and electricity are purchased from local energy providers.

Our farm procures packaging materials such as cardboard and bags from Canadian vendors. These materials are used within all our own packing facilities and farm and sold to our marketer who packages the produce in a finished good format.

Policies

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1. **Employee Handbook:** Hacienda strives to have all employees treated in a fair and consistent manner. The employee handbook is designed as an overview of company policies and includes sections detailing the company's policy on human rights, discrimination, workplace violence as well as health and safety in the workplace.
2. **Human Rights Policy:** Hacienda aims to foster a work environment that acknowledges and implements a strict human rights policy. Hacienda respects and upholds the human rights of its employees, customers, suppliers and stakeholders as part of good business practice. This includes a requirement for no forced or child labour within its business and supply chain.
3. **Open Door Policy:** Hacienda has an Open-Door Feedback Policy designed to encourage employees to communicate concerns, ideas, feedback or suggestions and provide the option of carrying concerns to the next higher level of management or human resources. This includes several confidential feedback channels such as a phone line and email address available to all employees.

Hacienda reviews all policies and procedures on a regular basis and intend to continue to do so to reflect our commitment to compliance with relevant laws and regulations.

Due diligence processes

Hacienda has developed several due diligence processes to support ethics and transparency in its core business. These include:

1. **Supplier Code of Conduct:** Hacienda has drafted a Supplier Code of Conduct (SCoC) based on Canadian laws and regulations, as well as international conventions. The SCoC includes specific expectations for suppliers to maintain a commitment to no forced or child labour. Suppliers are expected to identify forced labour risks within their supply chain and adhere to the standards of social responsibility outlined in Hacienda's Supplier Code of Conduct.
2. **Site Visits:** Hacienda team members will periodically perform site visits with key suppliers to ensure product quality, food and safety standards as well as addressing forced and child labour risks occurring on-site.
3. **Audits:** Hacienda and vendors throughout its supply chain undergo several audits related to labour conditions, including forced and child labour, over the course of normal business operations.
 - a. Service Canada audits and inspections are implemented for Hacienda site periodically to determine compliance with the Temporary Foreign Worker Program (TFWP).
 - b. Customer social responsibility audits are conducted on a randomized basis.
4. **Recruitment:** Hacienda follows clear recruitment processes and procedures when onboarding new staff and workers. For temporary foreign workers, Hacienda submits a Labour Market Impact Assessment (LMIA) in coordination with the federal government. Upon approval of the LMIA, recruiting agencies support Hacienda in hiring foreign workers depending on the country. These agencies are expected to follow guidelines set out in the Foreign Agricultural Resource Management Services (F.A.R.M.S) handbook which also contains requirements under the Immigration and Refugee Protection Regulations (IRPR). The agencies also follow the terms of the contract approved by Service Canada during the LMIA process. HRO, along with the respective

consulates will then facilitate the process of bringing the foreign worker into Canada before joining Hacienda's team and operations. As part of the recruitment process, temporary foreign workers are made aware of human trafficking, forced labour and workplace safety protections in place for them under Canadian law.

Forced labour and child labour risks

In 2023, our actions included, but were not limited to the following steps:

- Consideration of the latest advice from government and horticulture industry associations on Modern Slavery risks and control measures
- Reviewing and considering the Act and related guidance,
- Consulting an external consultant to assist with the review, evaluation and enhancements to Hacienda's policies and procedures

Operations

Hacienda considers the risk of forced and child labour within its own operations to be low. This is because our employees are all based in Canada only, which has a low prevalence of forced and child labour; a low risk of vulnerability to forced and child labour and a strong government response to forced and child labour. Additionally, our internal human resource policies designed to protect and safeguard the rights of our employees against forced and child labour.

Supply Chains

Hacienda considers the risk of forced and child labour within our supply chains to be low given that the majority of the goods and services we purchased were from low-risk jurisdictions (i.e. Canada).

Remediation measures

Through our assessment of our operations and supply chains regarding the risk of forced and child labour being used, we did not identify any instances of forced and child labour. Accordingly, no steps were required to remediate forced and child labour, or the loss of income associated with remediation efforts.

Training

Hacienda conducts Human Rights, Workplace Violence and Sexual Harassment training for our employees so that they understand our internal policies and to increase awareness of labour risks taking place within our supply chain.

All employees are also expected to complete onboarding training, of which the materials have been enhanced to raise awareness and competency regarding forced and child labour risks.

Assessing effectiveness

Currently, we monitor social responsibility audit results and date of last compliance for each supplier to understand compliance across our supplier base. Monitoring these results provides us with an initial understanding as to the effectiveness of the measures that Hacienda, and our suppliers, have put in place to reduce the risks of forced and child labour.

Plans for 2024

Starting in 2024, we began a risk-assessment process by identifying top-spend vendors within each business unit and engaging with them directly to verify:

- Date of last compliance with relevant audits
- Limited supplier confirmation to confirm existing forced labour or modern slavery policies, processes or procedures to mitigate risks of forced and child labour in their business and supply chains.

In the second half of 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:

- **Due Diligence:** Establish additional due diligence checks to affirm suppliers' commitment to combating forced and child labour risks, starting with suppliers identified as relatively higher risk of forced and child labour.
- **Risk Assessment:** Expand our supplier risk assessment to deepen our understanding of potential exposure to forced and child labour risks in our supply chain.
- **Measure Effectiveness:** Explore ways to measure effectiveness of current forced and child labour risk-mitigation measures.
- **Remediation:** Review appropriate remediation measures in response to potential incidents of forced or child labour in Mucci operations or broader supply chain
- **Training:** Evaluate effectiveness of current training materials and programs and update as appropriate

Attestation

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 listed above.

Full name: Abram Braun



Title: President

Date: 2024-05-30

I, Abram Braun, have the authority to bind Hacienda North Farms Inc.