

MODERN SLAVERY REPORT 2023

Little Morden Service (1987) Ltd.



This Modern Slavery Report (the “Report”) addresses the period from March 1, 2023 to February 29, 2024 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 Little Morden Service (1987) Ltd (“LMS Ag Equipment”)

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, LMS Ag Equipment 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 LMS Ag Equipment or of goods imported into Canada by LMS Ag Equipment.

II. OUR BUSINESS

LMS Ag Equipment is an agricultural equipment dealer headquartered in Manitoba, Canada. We are a corporation that distributes agricultural equipment including tractors, planting and seeding equipment, and harvesting equipment, etc. for example. We also supply parts, attachments, and services to support those products. We operate two physical locations in CANADA, which are situated in Manitoba. We also market products online through our website: www.lmsag.ca. Our customers are largely the end-users of our products, which largely include family farms and agricultural businesses located in Canada.

LMS Ag Equipment's supply chain includes businesses that supply agricultural parts and equipment, and supply services to our organization. We receive goods from our suppliers in their final form. Most of our direct suppliers are North American-based agricultural equipment manufacturers and distributors, who are based in CANADA and the USA.

In total, we procure goods and services from approximately 17 suppliers and contractors. Further information about our business can be found on our website.

III. OUR POLICIES

Policies

Through our 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. We make every effort, including through carrying our due diligence to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. Our relevant policies are discussed in further detail below:

Supplier Code of Conduct

LMS Ag Equipment's Supplier Code of Conduct sets out the expectations we have of our suppliers, their supply chains, and those with whom we do business. We expect our suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce our Supplier Code of Conduct in their own operations and supply chain.

We also expect our suppliers to share in our commitment to respect human rights and strive to meet the highest ethical business standards and international best practices for responsible business conduct. Our Supplier Code of Conduct sets forth our commitment to preventing and eliminating forced and child labour, and our expectation that suppliers engage in due diligence to identify, address and resolve risks and instances of forced or child labour in their own operations. We engage with suppliers that are committed to principles of diversity and inclusivity in their supply chains and ask that suppliers commit to these standards as a condition of doing business with us. We review our Supplier Code of Conduct on a periodic basis to ensure that this policy is in line with current best practices.

Code of Business Conduct and Ethics

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

Due Diligence

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. In order to mitigate this risk, we follow a due diligence approach that includes the following steps:

- Establish open channels for communicating and sharing information with whom we do business.
- Implementing policies and practices to is it relates to labour and supply chain ethics.

IV. ASSESSING OUR RISK

LMS Ag Equipment 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 refer to external data sources, engage with our peers, consult with external experts, map supply chains, and conduct risk assessments. 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
- Presence of migrant workers
- Presence of labour intermediaries
- Offshore production
- Long, complex, or non-transparent supply chains
- Presence of child labour

- 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, warehousing, construction, manufacturing, packaging, raw material sourcing, and agriculture in particular. 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 on the basis of severity and likelihood of harm and focus our attention and resources.

V. OUR COMMITMENTS

Steps to Prevent and Reduce Risks of Forced and Child Labour

- Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains.
- Developing and implementing an action plan for addressing forced labour and/or child labour.
- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily.
- Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour.
- 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.
- Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains.
- Developing and implementing child protection policies and processes.
- Monitoring suppliers.
- Developing and implementing grievance mechanisms.
- Developing and implementing training and awareness materials on forced labour and/or child labour.
- Engaging with supply chain partners on the issue of addressing forced labour and/or child labour.

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.*
- *Actions to support victims of forced labour or child labour*
- *Grievance mechanisms.*
- *Formal apologies.*
- *Capacity-building measures, enhanced supervision and/or monitoring of supplier, sub-supplier or contractor.*
- *Actions to support victims of forced labour or child labour and/or their families such as workforce reintegration and psychosocial support.*
- *Compensation for victims of forced labour or child labour and/or their families.*
- *Community and stakeholder engagement or wider capacity-building measures.*

Training

We provide all employees with ongoing and periodic training opportunities to ensure that all employees have current knowledge.

VI. OUR PROGRESS AND EFFECTIVENESS

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised. To date no significant concerns or complaints have been identified.

We have selected certain key performance indicators (KPIs) with respect to human rights, including forced labour and child labour, and such KPIs are reviewed by LMS Ag Equipment's senior leadership team on an annual basis. Any non-conformances identified are dealt with by the appropriate teams.

We also assess the effectiveness of our policies by:

- Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour.
- Tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and child labour clauses;
- Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators.

VII. APPROVAL AND SIGNATURE

This Report was approved by Little Morden Service (1987) Ltd. (LMS Ag Equipment) on April 22, 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 lmsag.ca.

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 entity listed above. 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.

A handwritten signature in blue ink, appearing to read 'Abe Penner', is centered on a light-colored rectangular background.

Abe Penner

President, April 22, 2024

I have the authority to bind Little Morden Service (1987) Ltd. (LMS Ag Equipment)