

Date: May 30th, 2024

Report No. 2024/1

Name of Company: Monaghan Mushrooms Ltd., Campbellville, Canada

Ontario Corporation No.: 1806762

Financial Reporting Year: 2023

To

The Honourable Minister of Public Safety
269 Laurier Avenue West,
Ottawa, ON, K1A 0P8

Dear Honourable Minister,

RE: Submission of Report - Fighting Against Forced Labour and Child Labour in Supply Chains Act

We are submitting our report as required by the Fighting Against Forced Labour and Child Labour in Supply Chains Act, Canada addressing each of the legal requirements in subsections 11(1) and 11(3) of the Act.

This report outlines the operations and activities of our organization, including our efforts to prevent and combat forced labour and child labour, as well as our measures to protect vulnerable workers and promote fair labour practices.

1. Name & Address of Organization:

Monaghan Mushrooms Ltd.
7345 Guelph Line, Campbellville, ON L0P 1B0, Canada

2. Structure:

a. Legal Classification: Monaghan Mushrooms Ltd. is a privately held corporation.

b. Parent Company Name & Address:

Monaghan Mushrooms
Group Headquarters,
Templetate, Tyholland, Co. Monaghan, H18 FW95, Ireland

c. Organizational Hierarchy: Monaghan Mushrooms Ltd., Campbellville, Canada operates under a hierarchical structure. The Director oversees the company, aligning strategies with the parent company and reports to the CEO of the parent company in Ireland.

- d. **Departments:** We have several departments as follows. Each department has a manager who ensures daily operations align with organizational policies and objectives:
- Compost
 - Growing
 - Harvesting
 - Packhouse
 - Distribution
 - Sales, Marketing & Customer Service
 - Maintenance
 - Quality Control
 - Support Services (which includes Finance, Procurement, Health & Safety, Human Resources, Laboratory and General Administration).
- e. **Number of employees:** 476 based in Canada as of May 30th, 2024.
3. **Activities:** We operate as a mushroom farm, overseeing the complete lifecycle of mushrooms from cultivation to packaging and distribution within our facility. The process initiates with compost production, followed by transfer to growing rooms for spawning. Subsequently, as mushrooms begin to pin and grow, they are moved to the harvesting area for picking by our trained harvesters. The harvested mushrooms are then packaged according to customer specifications and either delivered or made available for pick-up at our facility. While most of our mushrooms are distributed to customers in Canada, we also cater to a clientele in the United States.
4. **Supply Chains:** Our farm operates with several integral supply chains that are pivotal to our cultivation and distribution processes. These key supply chains include:
- a. **Materials/Supplies for Production:** Our suppliers provide essential materials such as horse manure, chicken manure, straw, wood, sugar beet lime, peat moss, mushroom spawns, as well as packaging materials like cardboard boxes, tills, film wraps, labels, etc. Majority of the raw materials for production are sourced locally in Canada and sometimes from overseas suppliers for some items such as peat moss and sugar beet lime.
 - b. **Other Materials/Consumables:** For all other items/consumables such as hand gloves, masks, sanitizers, cleaning chemicals, safety boots, coveralls, photocopy paper, office supplies, etc., we mainly use local suppliers.
 - c. **Service Providers:** For services such as pest control, water purification, servicing of machinery/equipment, etc., we use local suppliers.

- d. **Equipment/Tools:** We possess and utilize various equipment and tools crucial for operations, including loaders, trucks, forklifts, mixers, conveyor systems, casing machinery, trays, and packaging lines. For purchasing new equipment, we choose from both local and overseas suppliers. Certain equipment may be leased or rented from local suppliers as and when needed.
 - e. **Human Resources:** Our workforce comprises of both local workers and temporary foreign workers for our operations. Majority of the foreign workers are recruited directly through referrals from existing employees. We also receive applications from temporary foreign workers through job portals and our website/emails. Local workers also apply directly, through referrals from existing employees, job portals or website/emails. For certain positions that require specific skills, knowledge, certifications or experience, we may use local recruitment agencies.
 - f. **Transportation/Delivery:** Our suppliers use their own trucks or other external logistics partners to handle transportation for supply of raw materials, equipment, and packaging materials to our farm. As for delivery of our mushrooms to the customers, we use our own trucks or third-party external logistics partners. Some customers make their own transport arrangements for picking up mushrooms from our facility.
 - g. **Supplier Screening:** Before onboarding new suppliers, we conduct screenings, including examining company profiles, and requesting references, if necessary, which helps us to conduct our due diligence. We inform suppliers that we are a SEDEX (Supplier Ethical Data Exchange) member and adhere to the ETI (Ethical Trading Initiative) Base Code. We check with the new suppliers if they are SEDEX (Supplier Ethical Data Exchange) members or have a similar program/measure in place to ensure there is no forced labour or child labour, indicating a shared commitment to ethical trading practices. We may request relevant certifications or memberships during new supplier selection process, if necessary.
5. **Policies and Due Diligence Processes Regarding Forced Labor and Child Labor:** We have established comprehensive policies, guidelines, and processes addressing Forced Labor & Child Labor:
- a. **Modern Slavery and Supply Chain:** The Monaghan Group is committed to preventing Modern Slavery and ensuring ethical practices across our business and supply chain, in alignment with our core values. Our CEO's Statement of Compliance on Modern Slavery & the Supply Chain is accessible on our website.
 - b. **ETI (Ethical Trading Initiative) Base Code:** As a SEDEX (Supplier Ethical Data Exchange) member, we adhere to the ETI (Ethical Trading Initiative) Base Code, which includes provisions against forced labour, child labour, and upholding employee rights.

- c. **Recruitment Process:** Throughout the recruitment cycle, we emphasize candidates' rights to free employment choice and ensure that we comply with local laws regarding minimum age for work. Interviewers are trained on recruitment and follow ethical practices including rejecting any form of favours or bribery. No fees are charged from employees for recruitment or to obtain employment at Monaghan Mushrooms. Employees are encouraged to disclose any instances of payments they had to make to anyone either internally or externally for employment.

We explicitly ask candidates if they are being forced to accept employment. In addition to informing candidates about our recruitment process, other policies and ethical practices before hire, a modern slavery questionnaire is sent two months post-hiring. Employees retain control of their documents, IDs, bank accounts and have the freedom to resign whenever they want. We verify identities and documents for age verification to ensure we do not hire someone who is young and below the age recommended by law.

- d. **Third Party SMETA Audit (SEDEX Members Ethical Trade Audit):** Third-party audits based on the ETI (Ethical Trading Initiative) Base Code ensure compliance. Audit reports are publicly available on the SEDEX (Supplier Ethical Data Exchange) portal, ensuring transparency for SEDEX (Supplier Ethical Data Exchange) members and customers, mitigating risks related to forced labour, child labour, and employee rights.
- e. **Speak Up Policy and Whistleblowing:** Our commitment to integrity and accountability is reflected in our Speak Up Policy, encouraging employees and stakeholders to report concerns confidentially.
- f. **Employment Offer Letters/Contracts:** Contracts are translated into local languages for non-English-speaking workers to understand their rights before they choose employment.
- g. **Human Rights Code:** We ensure that we comply with the Ontario Human Rights Code and that our policy promotes a discrimination-free workplace, equal treatment, and protection of employees' rights and dignity.
- h. **Compliance with Local Labour Laws:** We adhere to the ESA (Employment Standards Act) and other relevant regulations, ensuring employee rights are respected and protected.
- i. **Health & Safety:** Our Health & Safety policies prioritize a safe work environment, illness/injury prevention, and worker rights are respected and protected. In compliance with the Occupational Health & Safety Act, we ensure that our workers are trained on their right to know, the right to participate, and the right to refuse. The health and safety policies and posters about their rights are displayed throughout the organization.

- j. **Employee Communication:** In addition to onboarding, one-on-one discussions, written materials provided to employees, policies and rights are visibly displayed throughout the organization on bulletin boards. An 'open door' policy encourages employees to voice concerns or seek clarification. A dedicated email and phone line is available to ensure confidential reporting of issues by employees.
6. **Parts of business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk:**
There are inherent risks of forced labour, particularly concerning the recruitment of temporary foreign workers through intermediaries such as employment agencies or middlemen in their home countries. These entities might exploit workers by charging excessive fees for job placements abroad. To address this risk, Monaghan Mushrooms does not engage any recruitment agencies for hiring temporary foreign workers. Instead, we directly recruit candidates, primarily through referrals from current employees, friends, relatives or through job portals or our website/email. We strictly ensure that employees referring candidates do not charge any fees. A few months post-recruitment, we conduct confidential one-on-one interviews with temporary foreign workers to confirm that they haven't paid any fees for their employment with us.
7. **Any measures taken to remediate any forced labour or child labour:**
To date, we have not encountered any instances of forced labour or child labour in our business operations or supply chains. Our robust policies, processes, and adherence to the ETI (Ethical Trading Initiative) Base Code, along with third-party SMETA audits (SEDEX Members Ethical Trade Audit), serve as preventive measures. However, in the unlikely event of such incidents, we will take immediate actions to remediate the situation. This includes conducting investigations and implementing corrective actions that are customized to suit the specific circumstances of each case and to prevent future incidents from occurring.
8. **Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains:**
To date, we have not encountered any instances of forced labour or child labour in our business operations or supply chains due to which we had to remediate the loss of income to the most vulnerable families. Our robust policies, processes, and adherence to the ETI (Ethical Trading Initiative) Base Code, along with third-party SMETA audits (SEDEX Members Ethical Trade Audit), serve as preventive measures. However, in the unlikely event of such incidents, we will take immediate actions to remediate the situation. This includes conducting investigations and implementing corrective actions that are customized to suit the specific circumstances of each case and to prevent future incidents from occurring.

9. **Training:** We ensure that all new employees, regardless of their position or employment type (local, temporary foreign workers, full-time, part-time), undergo mandatory training covering various policies such as Modern Slavery, ETI (Ethical Trading Initiative) Base Code, Speak Up and Whistleblowing. This training, conducted on the first day of employment, spans about half-day and includes interactive modules. For employees not fluent in English, interpreters are present during sessions. Also, refresher training sessions are scheduled every few years or as needed, based on employee availability and operational feasibility.
10. **How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.** The organization utilizes a multi-faceted approach to assess its effectiveness in preventing forced labour and child labour in its business and supply chains.
 - a. **Internal Accountability:** Each department manager plays a pivotal role in ensuring compliance with the Modern Slavery Act and the ETI (Ethical Trading Initiative) Base Code. They are tasked with fostering a culture of adherence throughout the organization.
 - b. **Human Resources Oversight:** The Human Resources department is actively involved in monitoring policy compliance and safeguarding employee rights. They conduct periodic checks and may conduct random interviews to ascertain if employees are being treated fairly and their rights are respected and protected.
 - c. **Third-Party Audits:** External SEDEX (Supplier Ethical Data Exchange)-approved professional auditors conduct regular ETI (Ethical Trading Initiative) Audits to comprehensively evaluate the effectiveness of systems and processes regarding the ETI (Ethical Trading Initiative) Base Code and preventing forced labour and child labour.
 - d. **Supplier Engagement:** New suppliers are informed about the company's SEDEX (Supplier Ethical Data Exchange) membership and its commitment to the ETI (Ethical Trading Initiative) Base Code. The company also checks if new suppliers are SEDEX (Supplier Ethical Data Exchange) members or they have a similar program/measure in place to ensure there is no forced labour or child labour, indicating a shared commitment to ethical trading practices.
 - e. **Ongoing Supplier Communication:** As and when necessary, reminders are sent to suppliers regarding the ETI (Ethical Trading Initiative) Base Code, emphasizing the expectation of compliance. This ongoing communication reinforces the importance of ethical standards throughout the supply chain.

By integrating these strategies, the entity demonstrates a robust commitment to combatting forced labour and child labour, both internally and across its supply chains.

Attestation:

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 entity, Monaghan Mushrooms Ltd. Campbellville, Canada.

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: George Graham

Title: Director

Date: May 30th, 2024

I, George Graham, have the authority to bind Monaghan Mushrooms Ltd., Campbellville, Canada

Signature _____

