

Peavey Group

2023 Modern Slavery Report

Introduction

This report by Peavey Industries Limited Partnership ("Peavey LP") is prepared in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Modern Slavery Act"). It outlines the steps undertaken during the fiscal year ended December 31, 2023 (the "Reporting Period") by Peavey LP and its subsidiaries (collectively referred to as "Peavey Group") to prevent and reduce the risk that forced labour or child labour is used in their supply chain or operations.

Peavey Group acknowledges the risk of forced labour and child labour within our global supply chain. We are committed to mitigating these risks by continuing the education of our employees, directors and officers on these issues, conducting due diligence on our supply chain and remediating where necessary.

Peavey Group is likewise committed to providing employees a workplace that protects their human rights and offers them a safe place to work. Our expectation and requirement of our supplier community is that they share this commitment and work to ensure their supply chain is free from modern slavery.

This report was approved by the Board of Directors of Peavey Industries General Partner, as general partner of Peavey LP, on May 31, 2024.

Steps Taken During the Reporting Period to Reduce Risks

In general terms, Peavey Group took the following steps during the Reporting Period to identify, prevent and reduce the risk of forced labour and child labour in its business and supply chains:

- conducted an initial risk assessment of our supply chains;
- provided training for our Executive team and Directors of Merchandising;

- amended the Suppliers Code of Conduct to incorporate principles of ethical business practice related to the fair and equitable treatment of all employees and protection from forced labour;
- amended the Vendor Compliance Manual to incorporate prohibitions related to the use of forced labour and child labour; and
- developed a supplier due diligence process involving self-assessment questionnaires.

Further details of these activities are set out in this report.

Structure and Activities

Peavey LP is a limited partnership formed under the laws of the Province of Alberta and is headquartered in Red Deer, Alberta. Peavey Group is 100% Canadian and employee-owned. Peavey Group is a farm and ranch retailer and operates a number of stores under the Peavey Mart, Mainstreet Hardware and Ace Canada banners. Peavey Group offers a selection of agriculture, farm and ranch, pet, workwear, lawn and garden, hardware and homesteading supplies. There are approximately 90 locations across Canada in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia.

Peavey LP also owns two supporting businesses: Turtle Mountain Seed Co., a bird seed producer with operations in Baden, Ontario and Deloraine, Manitoba and Guys Freightways Ltd., a trucking business that transports products for the Peavey Group and is headquartered in Red Deer, Alberta.

As at the end of the Reporting Period Peavey Group employed approximately 2,142 individuals, all of who were based in Canada.

Supply Chain

During the Reporting Period, Peavey Group procured goods and services from suppliers across a wide range of categories and industry sectors. The categories of

goods and services accounting for our highest procurement spend during the Reporting Period were:

- farm building materials and repair, animal care, feed, pest control
- building materials, hardware, paint, plumbing & electrical
- power equipment & tools
- home & décor and lawn & garden
- apparel and footwear
- toys

We procure approximately 15% of our goods through distributors, with the remainder being directly from manufacturers.

During the Reporting Period, Peavey Group conducted an initial risk assessment of its supplier base which took into consideration the type of product or commodity supplied and the country of origin of those goods. Based on our review, approximately 45% of the goods we procure are produced in Canada, 13% in the United States and Mexico, 33% in China with the remainder produced in various countries throughout the world.

Policies

Vendors that supply goods to Peavey Group members are required to adhere to the terms outlined in our Vendor Compliance Manual and our Supplier Code of Conduct.

Vendor Compliance Manual

It is the Peavey Group's expectation that suppliers will participate in the requirements set out in the Vendor Compliance Manual and commit to a strong and successful business relationship. Non-compliance to the policies may result in corrective action notifications or fines.

As set out in the Vendor Compliance Manual, the Peavey Group prohibits human trafficking as well as any form of forced, compulsory, bonded or indentured labour and endeavors to conduct business with entities that ensure their supply chain provides protections for their workers. Among other provisions, the Vendor Compliance Manual

contains specific forms of worker protection expected of vendors, including related to wages, withholdings, recruitment costs, legal age to work, access to identify documents, harassment and confidential grievance mechanisms.

Suppliers Code of Conduct

The purpose of the Suppliers Code of Conduct is to ensure that suppliers and employees have a clear understanding of how Peavey Group expects to conduct its business. It applies to suppliers of Peavey LP including Peavey Mart, Mainstreet Hardware and Ace Canada stores as well as all employees of Peavey LP.

The Suppliers Code of Conduct provides for a number of principles of ethical business practice, including:

- promoting decent, legal and humane working conditions where workers are not subjected to any form of forced, bonded or indentured labour; and
- ensuring the fair and equitable treatment of all employees.

Vendor Management and Selection

During the Reporting Period, to identify and understand the risks in our supply chain, we conducted an initial risk assessment of our supplier base. As a first stage, we reviewed the category and country of origin of the goods we procure. We then utilized the information in the “Responsible Sourcing Tool” to map our highest risk areas. From there we developed a survey which we distributed to all active vendors in our system and tracked their responses. The questions in the survey related to the supplier’s awareness of and compliance with the Modern Slavery Act and their compliance with our Suppliers Code of Conduct.

We conducted a second stage review of those suppliers that had initially indicated that they were not in full compliance or that failed to respond. As at the date of this report, we had a response rate of over 70%. No instances of forced labour or child labour were brought to our attention as a result of this initial review.

We anticipate further developing our due diligence processes and continuing our reviews of key suppliers this year, including, where applicable, by reviewing vendor reports filed in respect of the Modern Slavery Act.

Risk Assessment

Operations

Peavey Group believes that the risk of forced labour or child labour in our business is relatively low. Our employees are based in Canada and have written employment contracts and receive compensation that adheres to applicable laws and regulations. Our Standard Operating Procedures prohibit employees under the age of 18 from conducting dangerous work.

Supply Chains

We track the country of origin of the goods we procure, which enables us to better understand risks beyond the first tier of our suppliers. We are still in the initial stages of understanding the risks within our supply chains. Based on our review to date, we have identified the following countries of origin and types of product/commodity as carrying the greatest risk of modern slavery: apparel and footwear from Bangladesh, Cambodia, China and India; automotive and farm parts from Vietnam and China and Toys from China and Indonesia.

Peavey Group retains the right to terminate a relationship with any supplier that is not found to be in compliance with the Suppliers Code of Conduct or the Vendor Compliance Manual. To date, Peavey Group has focused its efforts on ensuring the vendor community understands the legislation and has worked with the vendor community to educate and identify risks within its supply chain. Peavey Group has not suspended any vendors for non-compliance related to the Modern Slavery Act.

Governance and Oversight

Peavey Group is an owner-managed entity. Our President and CEO is a director and the majority owner of the group. Employees can own units of the partnership of the main operating entity through a Mutual Fund Trust.

Human Resources oversees compliance and employee training programs in our organization, including adherence to Codes of Conduct and our Standard Operating Procedures by all employees of the Peavey Group.

Our Vice President, Merchandising is responsible for the operational oversight of our Supplier Code of Conduct and adherence to the Vendor Compliance Manual. In addition, his support is required for oversight of the vendor selection and ongoing relationship with the vendor community.

Employees are governed by health and safety policies and have the ability to report unsafe working conditions or hazards identified in the workplace.

Remediation Measures

We rely on input from our vendor community and the attestation our vendors made to us as well as publicly available information regarding any reported violations of human rights by our supplier community.

We have an anonymous hotline accessible to all employees within the organization. It provides a direct line for reporting concerns in the workplace and is managed by a third party that is independent of the Peavey Group.

Peavey Group has not identified any incident of forced labour or child labour in our operations or supply chain during the Reporting Period. Therefore, we have not had to take any measures to remediate an incident of forced labour or child labour or to remediate a resulting loss of income for vulnerable families.

Training

Internally, our Executive team and Directors of Merchandising underwent training on the Modern Slavery Act. The training was designed to make them aware of key provisions in our Vendor Compliance Manual and Suppliers Code of Conduct, as well

as identifying countries of origin and categories of products that have higher known risks of forced labour. Our training provided examples of high risk countries of origin and categories of products as per the “Responsible Sourcing Tool” (www.responsible sourcing.org).

Assessing Effectiveness

As set out in this report, we have begun to put in place policies and due diligence processes designed to help us understand the key issues and risks of forced labour and child labour and to mitigate those risks. However, we have not yet taken any actions to assess the effectiveness of those actions.

Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Modern Slavery Act by the Board of Directors of Peavey Industries General Partner Limited as general partner for Peavey Industries LP.

In accordance with the requirements of the Modern Slavery Act, and in particular section 11 thereof, I attest for and on behalf of the Board of Directors of Peavey Industries General Partner Limited as general partner for Peavey Industries LP that, based on my knowledge, and having exercised reasonable diligence, the information in the report is true, accurate and complete in all material respects for the purposes of the Modern Slavery Act, for the Reporting Period.

Dated, the 31st day of May 2024, in the city of Red Deer, Alberta.



Doug Anderson,
Chairman of the Board, President and Chief Executive Officer