



2023 Forced Labour in Canadian Supply Chains Report by Scotts Canada Ltd.

Introduction

This report was produced by Scotts Canada Ltd. (“Scotts Canada”, the “Company”, “we” or “our”) for the financial year ending December 31, 2023 (“Reporting Period”) and for the specific purpose of responding to the requirements in the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). The report sets out the steps taken by the Company to prevent and reduce the risks of forced labour and child labour in its production of goods and import of goods and materials.

Steps to prevent and reduce risk of forced labour and child labour

Scotts Canada Ltd. is committed to upholding human rights and operating our business in a responsible, honest, and ethical manner. This holds true throughout our sales and supply chain infrastructures. The Company has processes in place to ensure we meet legal requirements regarding voluntary employment and minimum working age.

In summary, we took the following steps during the Reporting Period to prevent and reduce the risk of forced labour and child labour in our production and supply chains:

- Continued to communicate and circulate our Supplier Code of Conduct (our “Supplier Code”) to the third parties with whom the Company does business
- Maintained our recruiting, hiring and employment processes to ensure that our workforce is voluntary and legally eligible and authorized to work
- Monitored our suppliers for forced and child labour risks through a third-party screening platform
- Developed a plan to further assess our suppliers and any associated risk of forced labour and child labour through an Assurance Exercise (as defined below)

Additional detail regarding these activities is provided throughout this report.

Structure, activities and supply chains

Scotts Canada Ltd. was incorporated in 1998 and operates in the lawn and garden industry. It offers a full complement of products that includes grass seed, fertilizer, plant food, growing media (e.g., garden and potting soils) and weed prevention items, along with insect and rodent control.

Scotts Canada is headquartered in Mississauga, Ontario. In addition, we operate 16 separate manufacturing and Harvesting sites in the provinces of Alberta, Ontario, Quebec and New Brunswick. Our Supply Chain operations include growing media facilities, peat harvesting operations, contract

manufacturing, and the planning, distribution, purchasing, order processing activities to support our business. We employ just under 600 associates.

We work within a large, diverse value chain of business partners and stakeholders. Our supplier network is medium sized, and complex, with hundreds of suppliers centered mainly in North America. The principal raw materials we use are urea, grass seed, resins, compost, peat and wood fiber products, along with other agricultural product inputs. We also use substantial quantities of carton board, corrugated, plastic, packaging materials, operating supplies, and energy. Most of these inputs for our Canadian operations are purchased from suppliers in Canada and the United States.

Policies and Due Diligence Processes

Our commitment to upholding human rights in our operations and supply chain is embedded in our policies, processes and governance framework. Our management team and Board of Directors collaborate to engage with and oversee environmental, social and governance (ESG) topics, risks and opportunities, including human rights. More detailed information regarding Company policies and processes specific to forced labour and child labour are detailed below.

Human rights statement

Scotts Canada is committed to upholding human rights and operating our business in a responsible, honest, and ethical manner. Our commitment is informed by the United Nations’ Universal Declaration of Human Rights as a common standard recognized globally to define human rights and the responsibilities of government. This holds true throughout our sales and supply chain infrastructures. We expect that everyone who works for us and our business partners works under safe, fair and legal working conditions. We adhere to legal requirements concerning voluntary employment and minimum age requirements and we have processes in place to ensure we meet legal requirements regarding voluntary employment and minimum working age.

Our human rights commitments include the following:

- We respect all individuals and are committed to treating all associates with respect and dignity, regardless of any characteristic such as race, religion, national origin, sexual orientation or gender identity or expression. We also expect the same of our suppliers and business partners.
- We strive to treat people fairly and prohibit discrimination in our business and beyond.
- We do not tolerate intimidation or harassment.



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- We have internal hiring processes in place to help ensure we comply with voluntary employment and minimum working age legal requirements, such as ID verification, background checks, and verification of eligibility to work processes.
- We have a strong track record as a company of treating our associates like family and “doing the right thing” for our people with or without union representation.

Our Human Rights Statement can be found [here](#) on our website.

Code of Business Conduct and Ethics (“Code of Conduct”)

Our Code of Conduct applies across the Company to all associates and guides our actions and decision making as a company and as individuals, from our associates to our Board of Directors, and advances our commitment to operating ethically and leading with integrity. Everyone working for or with Scotts Canada, including associates, suppliers and other business partners, is expected to conduct business legally, under fair and safe working conditions, and within the bounds of our expectations for conduct and ethical behavior, as described in more detail through standards of behavior outlined in the Code of Conduct. Our Code of Conduct also outlines the special responsibilities of our Company leaders to demonstrate our values through their actions, including holding themselves to the highest standards of ethical conduct and fostering an environment of integrity, honesty and respect. Our Code of Conduct specifically notes our commitment to global human rights, our commitment to employing a fully legal workforce, and our commitment to grow our business, protect the legacy of our Company and create a respectful and collaborative workplace, regardless of race, religion, national origin, sexual orientation or gender identity or expression. The Code of Conduct applies to every associate, regardless of title or seniority, officer and member of our Board of Directors. Our Code of Conduct can be found [here](#) on our website.

Supplier Code of Conduct

At Scotts Canada, corporate integrity, responsible product sourcing and the safety and well-being of workers across the global supply chain are vitally important. We earn the trust of our consumers, partners, suppliers, and shareholders every day by striving to make righteous decisions and working with suppliers that uphold our values and high quality standards.

In 2021, we developed our Supplier Code, which outlines our standards and expectations of safe, ethical and fair business practices particularly in the areas of environment, labour and social relations throughout our supply chain.

In 2022, we communicated this Supplier Code both internally and externally and we continued those activities in 2023.

Through our Supplier Code we are transparent about our position on issues in areas such as slavery and human trafficking, compensation and benefits, working hours and health and safety. Our Supplier Code can be found on our website at [Supplier Code of Conduct](#) and specifically includes provisions prohibiting child labour and forced labour as follows:

Slavery and Human Trafficking - All labor must be voluntary. Supplier shall not support or engage in slavery or human trafficking in any part of its supply chain. Without limiting Supplier’s obligations hereunder, Supplier shall not, and shall ensure that its Partners do not, support or engage in, or require any:

- *compelled, involuntary, or forced labor;*
- *labor to be performed by children (child is defined as the greatest age between the following: 15, age for completing compulsory education, or minimum age for employment in the country);*
- *bonded labor;*
- *indentured labor; and*
- *prison labor (unless expressly approved in writing)*

All our suppliers must treat workers with respect and dignity, and all labour must be voluntary. No supplier shall support or engage in slavery, forced labour, human trafficking or child labour in any part of its supply chain. Suppliers must maintain a safe work environment and refrain from practices that may be coercive, such as requiring employees to surrender identification papers, incur debt or hinder their freedom of movement and/or ability to terminate employment. The Supplier Code outlines expectations to compensate workers fairly and to establish humane work hours. Additionally, suppliers are prohibited from discriminating, abusing, or harassing employees based on race, color, national origin, gender, gender identity, sexual orientation, military status, religion, age, marital or pregnancy status, disability or any other characteristic other than the workers ability to perform the job.

In addition to implementing our Supplier Code in 2022, we continued to develop our Supplier Engagement Program in 2022 and 2023. This program was created to help ensure that suppliers are conducting operations in accordance with our Supplier Code and to define a process to address any identified risks in a timely, effective and efficient manner.

The Supplier Engagement Program enables transparency and goal setting around human rights, among other items, with some of our most significant suppliers. We



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recognize many of our suppliers are actively undertaking their own sustainability initiatives, and through the Supplier Engagement Program, we amplify their efforts through measurement and accountability and increase our collective impact. We have prioritized which suppliers to engage to achieve higher levels of recognition as they advance their commitments and demonstrate results. Through this program, we, or a third-party on our behalf, conduct audits of our suppliers to verify conformity to the Supplier Code and to identify improvement opportunities, among other things. If opportunities for improvement are identified, we require corrective action plans and oversee their implementation. If the supplier is unable or unwilling to comply, we may take any available action, including termination of the supplier.

Reporting and Non-Retaliation Processes

Our reporting and non-retaliation processes further demonstrate our commitment to upholding human rights and to addressing any concern related to forced labour and/or child labour. We have several reporting mechanisms for associates, suppliers, customers, or members of the public at large who have concerns about ethical or human rights issues and our toll-free 24/7 Ethics and Compliance HelpLine is available for anyone to use to report concerns. All associates are trained to reach out if they have concerns, knowing they will not be retaliated against for doing so. Training on relevant policies is executed upon hire and periodically thereafter. All associates also have access to information on our reporting channels and Open Door Policy via our company-wide intranet site. This includes direct contact information to email, call or send mail confidentially, or anonymously if desired, to our Chief Ethics Officer and/or the Audit Committee of our Board of Directors. The Audit and Nominating & Governance Committees receive and review reports from the Chief Ethics Officer on at least a quarterly basis regarding those ethics and compliance incidents reported during the applicable period.

Customer and Vendor Due Diligence Process

Our Customer and Vendor Onboarding Due Diligence process assists the Company in identifying and mitigating potential risks related to forced labour and child labour in our supply chain. Prior to finalizing a relationship with a vendor or customer, we use a third-party service to screen the potential vendors and customers against a variety of sanctions lists, consolidated entity lists, and enforcement actions and adverse media associated with human rights abuses. We conduct this screening prior to engaging a supplier and on a nightly basis thereafter for all of our existing suppliers in order to continuously monitor

our suppliers. If an alert is identified, we have an internal escalation process that includes additional investigation of the involved supplier and potential action, including potential termination of our relationship.

Additionally, on a quarterly basis, we use a third-party risk solution tool to screen any prospective vendors/suppliers or any entities or individuals associated with an existing vendor or supplier against consolidated lists that include, but are not limited to, sanctioned entities, specially designated nationals and blocked persons, denied persons, and parties of concern. The quarterly screening process provides additional reasonable assurance that any related parties have been subject to appropriate due diligence.

Assessing and Managing Risk

As discussed above, Scotts Canada uses a risk-based approach to assess and manage the risks of forced labour and child labour in its supply chain. We identify and assess risk through our vendor onboarding and third-party due diligence processes outlined above, which include using a third-party service to screen potential and existing suppliers against a variety of sanctions lists, consolidated entity lists, and enforcement actions and adverse media associated with human rights abuses. We conduct this screening prior to finalizing our relationship with any vendor and on a nightly basis thereafter for continuous monitoring purposes.

As an enhancement to our third-party risk management process, in 2023 we adopted an additional monitoring search for areas of our supply chain that carry a higher risk for potential forced labour and/or child labour, such as our suppliers in certain jurisdictions of Asia that have a higher prevalence of modern slavery based on independent analyses such as Walk Free's Global Slavery Index. To address this additional risk, we use a third-party risk solution tool to screen our complete vendor list against the U.S. Uyghur Forced Labor Prevention Act (UFLPA) Entity List, which is published by the U.S. Department of Homeland Security, every two weeks. This list contains a consolidated list of entities presumed to be working with the government of Xinjiang to recruit, transport, transfer, harbor or receive forced labour for use in their supply chain. If we receive an alert through this screening, we follow our internal third-party due diligence review and escalation process to determine the appropriate course of action with respect to that vendor.

During the Reporting Period we also developed a plan to further assess and manage the risks of our suppliers through our Supplier Engagement Program. In addition to communicating our Supplier Code to our suppliers, we have added an exercise to our Supplier Engagement Program (the "Assurance Exercise"). The Assurance Exercise includes the collection of information from suppliers on their production



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practices as they relate to labour, business ethics, management systems, health and safety and environment, which will allow us to better assess our external supply chain. We selected a leading third-party global assurance partner to assist in administering the Assurance Exercise to a large pool of suppliers, which were selected based on an internal methodology of risk factors including spend and location. Scotts Canada anticipates that this Assurance Exercise will be formally integrated into its due diligence processes in calendar year 2024.

Remediation Measures

In accordance with our Reporting and Non-Retaliation Policy and our Supplier Code, should associates or suppliers have concerns regarding forced or child labour, they have a responsibility to report their suspicions. We empower associates to ask questions, raise concerns and report issues without fear of reprisal. They can do so through multiple channels, from speaking about their concerns with their direct supervisor to sending a confidential letter to the Audit Committee or reporting a concern to our email dedicated to responsible sourcing. In addition, our toll-free 24/7 Ethics and Compliance HelpLine provides another anonymous method for associates and suppliers' personnel to report concerns and violations around our Code Conduct. We remind our associates of our reporting channels periodically through training and communications. Concerns regarding Code of Conduct issues are thoroughly investigated. We do not tolerate retaliation and investigate allegations of retaliation.

For the applicable reporting period, we did not identify any forced labour or child labour in our activities and supply chains and thus have not taken measures to remediate any forced labour or child labour nor the loss of income of the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in our activities and supply chains. Our risk assessment is continuing, and we will continue to provide updates in future years.

Training

We understand that an informed workforce contributes to an engaged workforce. As a result, we've prioritized ensuring our associates have access to the information they need to understand the business decisions being made, the reasons behind them and how changes will impact them in their role. Associates at Scotts Canada regularly receive training on a variety of topics including ethics and compliance, Company policies, and role-specific issues and discussion points. New associates complete our new hire orientation program which

includes our Code Conduct, where they are guided through content covering our commitment to leadership, ethics and core values.

The Company is currently developing training on the specific topics of forced labour and child labour with the goal of providing this training to targeted associates with specific roles in 2024.

Assessing Effectiveness

As discussed in detail above, Scotts Canada has in place several policies, processes and procedures to assess, prevent and reduce the risk of forced labour and child labour in its activities and its supply chain. We have not yet established a formal process to assess the efficiency of these actions.

Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Scotts Canada Ltd.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. To my knowledge, and having relied on the reasonable diligence of those in my organization, 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.

I have the authority to bind Scotts Canada Ltd.

Angela Scrannage

Per: _____

Full Name: Angela Scrannage

Title: Director/President, Scotts Canada Ltd

Date: May 31, 2024