



**FORCED LABOR AND
SLAVERY, ACT**



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INTRODUCTION

South Essex Fabricating is a leading Canadian Greenhouse Manufacturing Company located in Leamington, Ontario Canada.

We recognize that forced labor and slavery exist globally, and together in collaboration with our vendors support and promote human rights and responsibilities practices.

For the purpose of clarity South Essex Fabricating Inc. shall be referred to as SEF in the context of this report.

This report outlines SEF's processes and progress made in the financial reporting year of 2023 and is the first version of the report.

REPORTING CONTEXT

SEF is a corporate entity subject to the legal requirements in section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act). This Report is made pursuant to the Act and was approved by the sole Director of SEF, Peter Quiring on May 1, 2024.



OUR STRUCTURE, BUSINESSES AND SUPPLY CHAIN

OUR CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

SEF, Incorporated in 1999 is headquartered in Leamington, Ontario Canada at 4 Seneca Drive. Operating under our business number 56780-4759-RT-0001. We are currently a team of 148 Employees, and we produce goods inside of Canada, as well as purchases goods inside and outside of Canada, for the sole purpose meeting our contracts that provide turnkey Greenhouse Operations located mainly in Canada, but also in the USA.

A. OUR SUPPLY CHAIN

Our supply chain team is situated in our Leamington facility and supports our operations in Canada where we source products and services for our projects and operations. A key role of our supply chain is to ensure spend is tendered with suppliers who meet our qualification standards and corporate requirements. Supply chain also tracks all suppliers including spend, performance history, capabilities, discrepancies and non-conformances.

In 2023, the majority SEFs spend was directed to support operations and projects in Canada, followed by the U.S.A.

The following categories accounted for the majority of spend:

- **Manufacturing:** Costs associated with manufacturing of infrastructure
- **Construction:** Costs associated with the labour to install greenhouses
- **Service:** spend involved in providing turnkey operations to our customers
- **Maintenance** – spend involved with servicing and maintaining our assets

B. POLICIES AND DUE DILIGENCE

SEF Policies ensure that we cover all risks of human rights in both our direct hired employees and our supply chain hires.

We ensure that:

- A. Employment is chosen freely

- B. Freedom of association and the right to bargain are respected
- C. Working conditions are safe
- D. Child labour is prohibited
- E. Living wages are paid
- F. Working wages are not excessive and overtime is not mandatory
- G. No discrimination is practiced
- H. No Inhuman treatment is allowed

Our Focus is to protect, respect and value all employees especially the vulnerable that include but are not limited to: men, women, seasonal and contract workers.

SEF's total Import Value estimate by percentages for 2023 by Country of Origin:

Country of Origin	Import Value Percentage
Canada	66%
The Netherlands	23%
China	8%
USA	2%
Other	1%





C. RISK EXPOSURE MANAGEMENT

SEF's greatest risk exposure to forced labour and child labour is through suppliers, and the primary sources of these risks come from procuring goods in higher-risk geographies and sectors. We recognize the potential risks of forced labour and child labour in our extended supply chain and the complexity and challenges in operationalizing modern slavery compliance.

As part of our internal analysis, a risk review of our supply chain activities was conducted by our Procurement team to identify the geographical regions, industries, and suppliers with high-risk exposures to forced labour and child labour and assess the effectiveness of any controls in place.

The following activities were part of the review:

- Ongoing mapping of our supply chain with suppliers who have direct contracts with SEF (Tier 1 suppliers) and companies that are indirectly associated with vendors of SEF (Tier 2 suppliers)
- Initiated an internal assessment of risks of forced labour and/or child labour in operations including a review of internal policies to prevent further forced labour and child labour in the supply chain, procurement
 - Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily
- Monitoring suppliers

SEF continues to initiate ongoing improvements to internal supply chain processes, policies, and training; and while the information above represents the current known risks of modern slavery for SEF, it characterizes the findings from our initial supply chain review at a particular time. More work is underway internally to monitor supplier activities efficiently and effectively with respect to modern slavery, and high-risk categories and countries may change in the future as we learn more.

For suppliers that meet a residual risk exposure level for activities connected to child and forced labour based our vendor approval processes, site visits are performed where necessary.

D. OUR REMEDIATION MEASURES

SEF has embedded responsible business conduct into policies and management systems, such as vendor approval processes.

When identifying the risks of forced labour or child labour in the Company's activities and supply chain, SEF primarily focuses on understanding the operations and supply chain of Tier 1 and 2 Suppliers

Our remediation measures include enforcement of all policies and procedures as identified in section B, including hiring direct employees that are registered and licenced to work in Canada and therefore are employees can avail themselves under the employee protective legislation and implement a process to identify suspicious or actual violations of supply chain vendors to upper management.

E. LOSS OF INCOME MEASURES

Currently, SEF has not identified any loss of income to be remediated, however, we remain dedicated to contributing and supporting local drives and donations to support the unhoused.

F. OUR TRAINING AND AWARENESS

SEF currently has policies in and due diligence processes in place related to forced labour and child labour. We have embedded responsible business conduct into policies and management systems to track implantation and results. SEF provides mandatory orientation training to employees upon hire to educate workers and keep them informed with the laws and requirements regarding forced labour and child labour.

Additionally, we offer specialized, in-person training sessions or employees working in high risk areas that are strategically designed to address the unique challenges of high-risk areas. This dual-layered training framework underscores our dedication to fostering a culture that not only understands but actively champions human rights across all facets of our operations and supply chain.

G. ASSESSING OUR EFFECTIVENESS

SEF is committed to developing a resilient and transparent supply chain where the human rights of every worker involved are respected. During 2023, our focus was further enhancing our foundational capabilities and processes to continue to effectively manage our suppliers on critical forced labour and child labour issues to ensure human rights are not violated within our supply chain.

While SEF believes in the efficiency of our measures to prevent and mitigate forced labour and child labour within our operations and supply chain, we will strive to maintain and continually improve our sustainable and transparent supply

chain, and work to maintain a robust understanding of our complex global supply chain networks. These activities include assessing contractual terms and working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including tracking performance and paying special attention to vendors that are in geographic regions that are at higher risk for non-compliance.

LONGER TERM GOALS

Identifying and eliminating forced labour and child labour in the global supply chain is a complex social, economic, and governance issue that can only be resolved through partnership and collaboration across industry, suppliers, governments, and non-profit organizations. One of our core values is to align ourselves with vendors to be a part our supply chain that will collectively continue to provide solutions. This requires us to deepen relationships with our supply chain partners, strengthen our contractual language at the Tier 1 supplier level, and to work together to build new levels of transparency throughout all tiers of our supply chain and build joint solutions to deliver value across multiple dimensions. SEF is also committed to leveraging our size and spending power to educate, and invest in protecting human rights for every single worker in the supply chain.

As a part of ongoing enhancements, we will strive to continue to identify risks. SEF also intends to continue developing and implementing additional due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and child labour in our activities and supply chain.



REPORT APPROVAL AND ATTESTATION

On this day, May 1, 2024, and In accordance with the requirements of the Act, and in particular section 11 thereof, I, in my capacity as the sole director of SEF I attest that I have reviewed the information contained in the Report for the entity listed above. 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.

A handwritten signature in blue ink, appearing to read "Peter Quiring", is written over the end of the attestation paragraph.

Peter Quiring
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