

Taber Home and Farm Centre Ltd.

Forced Labour and Child Labour in Supply Chains Company
Assessment

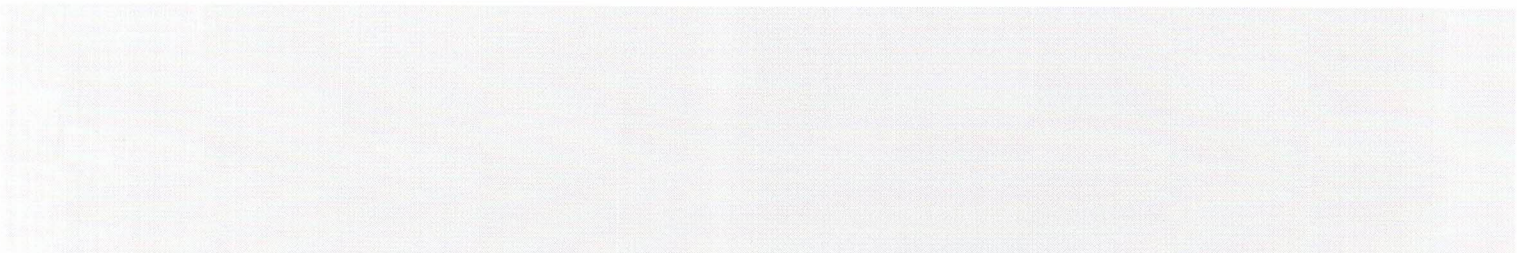


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Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

In compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, Taber Home, and Farm Centre Ltd. ("THF", or "the Company") has begun prioritizing the analysis of forced labour and child labour. THF and Agri-Flow Equipment and Supply Ltd. ("Agri-Flow") have statements and policies in place that emphasize our commitment to human rights and abiding by local and international legislation, but also recognise there is always room for continuous improvement. THF and Agri-Flow policies, employee manuals, and everyday practices serve as a strong foundation as we look to implementing more anti-forced labour and anti-child labour measures. As growing, socially conscious agricultural and construction supply companies, THF and Agri-Flow recognize and are strongly committed to removing the risk of forced labour and child labour in our operations and supply chains.

Background

The measures introduced through Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), aim to increase industry awareness and transparency and drive businesses to improve practices. There are eight mandatory reporting areas that must be investigated and reported on which include:

- The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
- Its structure, activities, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its 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.
- Any measures taken to remediate any forced labour or child labour.
- 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.
- The training provided to employees on forced labour and child labour.
- 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 financial year for which THF is reporting is March 1, 2022, to February 28, 2023. This is the first version of the report submitted and the report is for the entities, THF and Agri-Flow. This is a joint report that includes Agri-Flow Equipment and Supply Ltd. (formerly 'Banga's Equipment Canada Ltd.').

Structure

THF operates as a private corporation located in Alberta. We specialize in selling agricultural inputs, construction materials, and bulk fuel exclusively within Canada. While our sales are limited to domestic markets, we actively distribute our products to other provinces, notably British Columbia and Saskatchewan. Additionally, we import moisture probes from the United States of America (US), while sourcing all other products from Canadian distributors. We offer a comprehensive range of products and services including building materials such as ceiling grid and tiles, windows and doors, lumber, and roofing. Furthermore, we supply items for agricultural purposes including seed, crop protection, plant nutrition, tanks, and equipment, alongside services covering electrical, plumbing, insulation, and drywall. Agri-Flow Equipment and Supply Ltd. ("Agri-Flow") is also located in Alberta, and specializes in supplying used farming machinery, vehicles, and premium and specialty agriculture equipment in southern Alberta. Agri-Flow operates in Canada and the United States, and imports goods from the US and some parts of Europe. We offer servicing for agricultural equipment in Canada and the US and focus primarily on importing and retailing farm equipment, particularly row crop machinery.

As per the consolidated financial statements of THF, in the year March 1, 2022 – February 28, 2023, we had more than \$20 million in assets, generated more than \$40 million in revenue, and currently have 41 employees. Therefore, meeting the Bill S-211 reporting requirements, with two out of the three compliance thresholds related to revenue and assets have been met.

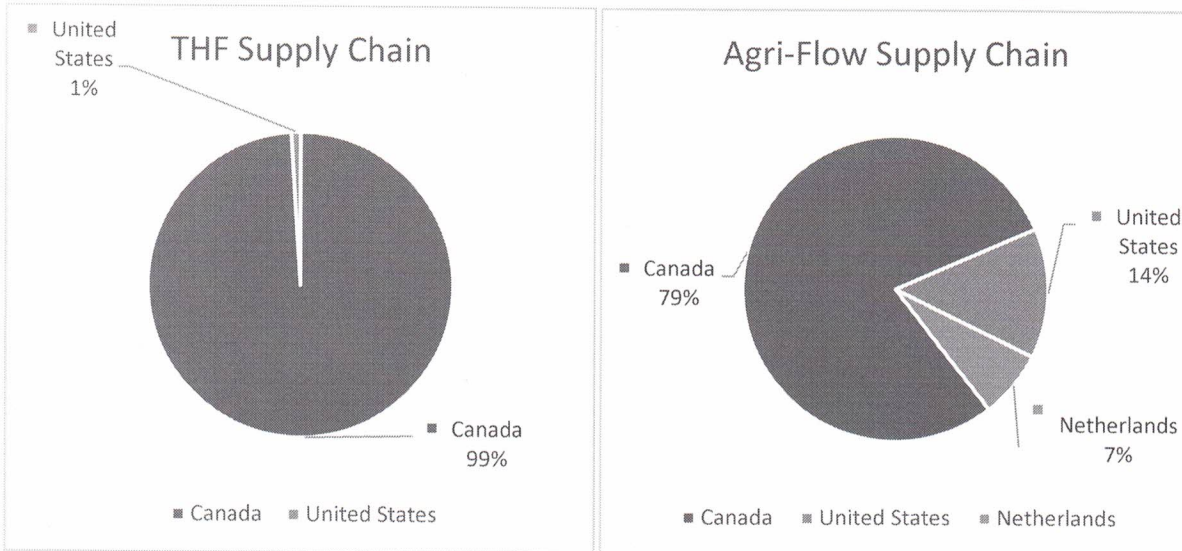
Activities

Both entities procure inventory for resale or distribution either directly to customers or distributed to other businesses or outlets for further sale. We sell construction and agriculture-related products and services, and THF distributes solely within Canada, specifically within Alberta, British Columbia, and Saskatchewan. While Agri-Flow also provides servicing for farming equipment across Canada and the United States.

Supply Chain

The majority of products procured for THF originate from Canadian suppliers. The figure below presents the makeup of our supply chain by country.

Agri-Flow directly imports from 216 suppliers with 165 based in Canada and 51 from outside of Canada. While THF imports from 699 suppliers with 692 from Canada and 7 from the United States. The pie charts below demonstrate the suppliers' countries for both THF and Agri-Flow at a high level:



Suppliers which are $\leq 1\%$ of Agri-Flow's total number of suppliers, and not included in the figure above, include United Kingdom, Italy, Belgium, and Poland.

Policies and Due Diligence

Policies and procedures within THF and Agri-Flow are not fully aligned. However, both our entities follow the same principles and are committed to the prevention of child labour and forced labour within our supply chain and operations. While principles are the same there are variances in policy content and due diligence procedures followed to ensure fulfilment of our commitment to this cause. This will be evaluated as we mature our current practices.

Current Policies

THF Employee Policy Manual

Our employee Policy Manual clearly outlines payment structures, ensuring that all employees are compensated accordingly, with overtime pay provided for hourly workers in line with legislative requirements. Furthermore, the policy mandates a maximum work week of 40 hours, with overtime paid at 1.5 times the regular wage for any additional hours worked. The Employee Policy Manual also has a Refusal to Work clause, allowing employees to refuse work, should they believe their own, or a co-worker's safety is in danger. Furthermore, our code of ethics explicitly emphasizes zero-tolerance approach to any form of wrongdoing or impropriety. Given that forced and child labour are illegal activities, the policy implies prohibition against such practices within the company. Employees are required to sign the Employee Policy Manual as a confirmation of their understanding and commitment to comply with company policies.

Agri-Flow - Banga's Employee HR Manual

Our HR Manual highlights our adherence to the overtime legislation of Alberta and ensures workplace rights under the Alberta Human Rights Act, including freedom from harassment and discrimination. The Employee HR Manual also states the procedure for filing complaints regarding harassment and discrimination. Our Code of Conduct states that any acts of misconduct are subject to disciplinary actions, including termination, when necessary. Additionally, the Whistle-Blower policy, within the Employee HR Manual, provides a channel for reporting and investigation of any perceived unethical behaviour. Together, these policies serve as safeguards against forced labour and child labour.

Due Diligence

Supplier Questionnaires

As part of our commitment to prevent child or forced labour within our supply chain THF and Agri-Flow have requested that suppliers that pose the highest risk to them complete a questionnaire. This questionnaire is used to obtain confirmation from suppliers that they do not engage in child and or forced labour. Suppliers that have responded to the questionnaire have indicated that they have not identified any instances or unmitigated risks of forced labour or child labour within their business activities, operations, or supply chains. To date 14% of our high-risk suppliers have responded and we are working on the additional 86% for the next financial year.

Agreements

Agri-Flow supplier contracts stipulate that suppliers are governed by the laws of the province of Alberta. Additionally, certain agreements require the supplier to comply with all federal, provincial, state, and local laws. As such the Alberta Employment Standards would apply, which mandates the payment of at least minimum wage, overtime as per regulations and the employment of children is strictly regulated in line with the Education Act. Moreover, individuals under 15 years old may not be employed without written consent from their parent or guardian and approval from the Director, unless specific regulations and conditions are satisfied. These provisions underscore the company's commitment to upholding labour laws and safeguarding the rights of workers, particularly concerning child labour regulations.

Onsite Visits

Agri-Flow performs routine onsite visits to key supplier operations as part of the onboarding process. These visits strengthen supplier relationships and establish open lines of communication should any issue arise relating to the procurement of Agri-Flow's products. However, while onsite visits are done, there is work needed to update what is looked for as part of these onsite visits.

Risk Identification and Management

Countries of Operations and Risk

Using the Walk Free Global Slavery Index and the U.S. Department of Labour List of Goods Produced by Child Labour or Forced Labour, we had a risk assessment conducted on the countries of operations and found that there were low risks of forced labour or child labour in Canada. The inherent risk associated with entities operating within Canada are low but continued due diligence is required.

Countries of Suppliers and Risk

Using the Walk Free Global Slavery Index, we had a risk assessment conducted on the countries of origin for our suppliers and found that there were low risks of forced labour or child labour in Canada, US, Netherlands, Poland, Belgium, Italy, and the United Kingdom. This does not mean that no evidence of forced labour or child labour was found to support this risk analysis but that there is an inherent low risk and continued due diligence is required.

THF

Country	Suppliers (#)	Supply (%)	Inherent Risk per Country
Canada	692	99%	Low
United States of America	7	1%	Low

Agri-Flow

Country	Suppliers (#)	Supply (%)	Inherent Risk per Country
Canada	165	76%	Low
United States of America	29	13%	Low
Netherlands	14	7%	Low
Poland	1	1%	Low
Belgium	2	1%	Low
Italy	1	1%	Low
United Kingdom	3	1%	Low

Type of Goods Procured and Risk

Using the Walk Free Global Slavery Index, a risk assessment was conducted on the types of goods purchased from the suppliers. For the purposes of this report, material suppliers have been defined as those who account for at least 1% or more of the total procurement spend during the fiscal year. The goods identified include bricks, cement, gypsum, gas, crude oil, diesel, pesticides, office supplies, farming equipment, whole goods, and other similar products. The risk analysis found low, high, and extreme inherent risks for forced labour and child labour from the raw materials of these goods. This

does not mean that evidence of forced labour or child labour was found to support this risk analysis but that there is an increased inherent risk which necessitates closer scrutiny to ensure those risks do not flow through to the goods procured.

THF

Goods	Inherent Risk per Good	Country	Inherent Risk per Country	Overall Risk
Bricks	Extreme	Canada, US	Low	High
Cement	High	Canada, US	Low	High
Gypsum	High	Canada, US	Low	High
Gas	Low	Canada	Low	Low
Diesel	Low	Canada	Low	Low
Crude Oil	Low	Canada	Low	Low
Pesticides	Low	Canada	Low	Low
Services (Banking)	Low	Canada	Low	Low
Fertilizer	Low	Canada	Low	Low

Agri-Flow

Goods	Inherent Risk per Good	Country	Inherent Risk per Country	Overall Risk
Services (e.g. marketing, contract labour, shipping & freight, facility & maintenance, maintenance based services, financial services, donations, and HR Services)	Low	Canada, US, Netherlands	Low	Low
Automotive (vehicles from companies and customers)	Low	Canada	Low	Low
Utilities	Low	Canada	Low	Low
Whole goods & parts (e.g. farming equipment, tractors, and potato diggers)	Low	Netherlands, US, United Kingdom, Belgium, Poland, Italy	Low	Low
Office & Shop supplies (e.g. staples, pens, and paper)	Low	Canada, US	Low	Low

Remediation Forced and Child Labour and Vulnerable Family Income Loss

We are committed to identifying human rights incidents and violations that occur within our operations and communities. As there were no incidents related to forced or child labour reported to or noted within THF and Agri-Flow, there hasn't been any need for the entities to report, correct or remediate any incidents of forced or child labour. THF and Agri-Flow recognize the significant impact forced and child labour can have on individuals and their families and thus rely on the stringent policies and procedures in place currently to ensure that our supply chain is free of unethical practices while holding THF, Agri-Flow, and its suppliers up to the highest standards.

Awareness Training

Both THF and Agri-Flow do not have formal training in place on the topic of child labour or forced labour. However, when Bill S-211 was established, the management of THF circulated information related to the recent announcement of Bill S-211 by the government to increase awareness and knowledge towards the subject of child labour and forced labour among its employees.

Additionally, when we onboard new employees, part of the process includes reviewing and signing the employee manuals of each entity to ensure the individual understands the company's standards and expectations. Our onboarding process will be reviewed to ensure it suitably addresses our commitment to the prevention of child labour and forced labour within our supply chain and operations.

As a consolidated entity we recognize the opportunity to enhance employee training relevant to this Act, therefore, will be evaluating applicable training for staff in the foreseeable future as well as updates to the onboarding process to enhance compliance and awareness of child and or forced labour.

Self-Assessment Process and Requirements

As a consolidated entity we are in the process of understanding and evaluating our supply chain and as part of this process, we will evaluate our processes to understand areas of improvement especially around self-assessment processes including key performance indicators (KPI) metrics, internal audits, quality assessment programs to ensure the implementation of the Child and Forced Labour Policy. We will continue to review our practices to enhance the rigor of self-assessment processes to identify how effective it is ensuring that forced and child labour are not being used in our business and supply chains.

Conclusion and Key Takeaways

Through our analysis, we found that although some of the commodities which we procure from our suppliers are at higher inherent risk for forced labour and child labour, we have several measures in

place to lower the risk of these commodities. However, we are committed to continuous improvement and have identified areas within our internal processes that have the opportunity for enhancement to further reduce the risk of forced labour and/or child labour within THF, Agri-Flow, and our supply chain. In the upcoming year THF and Agri-Flow have identified areas and mechanisms where we have the opportunities for enhancement to further reduce the risk of forced labour and/or child labour within our activities and supply chains. These include:

Recommendations Related to THF and Agri-Flow Activities:

1. Employee Policy Manual and HR Manual: Will be updated to include clauses related to a zero-tolerance for the use of child labour and/or forced labour. Within these clauses, details will be added about whom employees should discuss concerns and potential or actual instances of child labour or forced labour with. Furthermore, we look to add a policy related to minimum and maximum hours of work, minimum pay, and minimum age for work in the Agri-Flow HR Manual.
2. Employee Awareness Campaigns: As most of our procurement is performed by key senior management, annual awareness campaigns will be introduced to drive awareness on child and/or forced labour. This campaign will also emphasize our internal reporting and investigation mechanisms should suspected instances be identified.
3. Self-Assessment Process: We will also develop a self assessment process to identify the risk of forced labour and/or child labour in the company and within our supply chain. This may include KPI metrics, internal audits, quality assessment programs, partnering with an external organization for independent assessments, or collaborating with suppliers to measure the effectiveness of their actions.

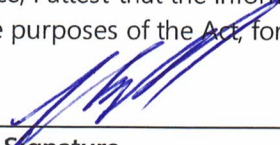
Recommendations Related to Suppliers:

1. Procurement Procedure: A procurement policy and/or procedure will be developed that details the supplier selection and onboarding process. This will include screening (which includes the completion of a supplier questionnaire) and due diligence, implementing a Supplier Code of Conduct, the requirement to conduct audits at supplier sites deemed to be of a higher risk, and the implementation of procurement on a purchase order if no contract agreement exists which outlines our requirement that suppliers do not engage in child and or forced labour.
2. Supplier Contracts: We will consider the addition of anti-child labour and forced labour clauses within supplier agreements. These clauses would explicitly state a zero-tolerance for the use of child labour and/or forced labour within the supplier's operations and supply chain. This clause will include the result if an issue of non-compliance arises.
3. Supplier Risk Management and Monitoring: We look to implement a periodic risk assessment process for evaluating the entity, supply chain, and industry to identify potential risks of child and forced labor. Subsequently, we will utilize the findings from these assessments to revise and enhance HR and procurement policies and processes, thereby effectively mitigating the identified risks. When attending supplier operations during on-site visits, THF and Agri-Flow will verify the performance and compliance of suppliers as it relates to the supplier questionnaire, code of conduct (if implemented), training on child labour and forced labour, and supplier agreement.



This will provide an opportunity to conduct supplier audits and monitoring over risks related to this Act. All questionnaires will be kept on a centralized database to understand how suppliers are mitigating the risk of child and forced labour. For suppliers that THF and Agri-Flow do not visit, the company will consider routine monitoring for adherence and compliance with the supplier questionnaire, code of conduct (if implemented) and supplier agreement. THF and Agri-Flow will decide which suppliers are to be reviewed, and at what frequency.

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 or entities 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.

<u>Michael O'Neill</u>	
Full Name	Signature
<u>General Manager</u>	<u>May 13, 2024</u>
Title	Date

I have the authority to bind *Taber Home and Farm Centre Ltd.* and this report covers financial year *February 28th, 2023*, and applies to *Taber Home and Farm Centre Ltd.* and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of *Taber Home and Farm Centre Ltd.* if they apply.