

Van Raay Paskal Farms 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.

The measures introduced through former 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. The Act requires entities to report on the steps 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. There are seven mandatory reporting areas that must be investigated and reported on which include:

- 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.

Introduction

This report is Van Raay Paskal Farms Ltd.'s response to 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"), sections 11(1) and 11(3).

The entities covered by this report are Van Raay Paskal Farms Ltd. ("VRP Farms"), and Van Raay Land Inc. ("VRL"), collectively, the Entities.

The Entities satisfy the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

The financial reporting year of the Entities covered by this report is from June 1, 2023 to May 31, 2024.

Structure, Activities & Supply Chain

VRP Farms (Business Number 798870127) operates as a corporation located at PO Box 1220 Picture Butte, Alberta.

VRL (Business Number 824791255), a wholly owned subsidiary of VRP Farms, operates as a corporation located near Outlook, Saskatchewan.

The Entities operate within the agriculture industry, buying Canadian cattle and cattle from the United States. The Entities procure cattle directly from farmers, ranchers or through brokers.

VRP Farms operates multiple feed yards in Alberta, Canada for raising cattle until the cattle meet size specifications for slaughtering and/or being put into meat markets. Once size specifications are met, these cattle are distributed to slaughterhouses and meat markets in Canada and the United States. Feed yard services include the provision of feed, veterinary supplies and care for the animals. The company's feed yard needs are met through internal and external suppliers. VRP Farms also ensures the animal welfare is kept of top priority, monitoring feed and water intake, and ensuring veterinary assistance is given when appropriate. Veterinary supplies for cattle are purchased from a local veterinarian.

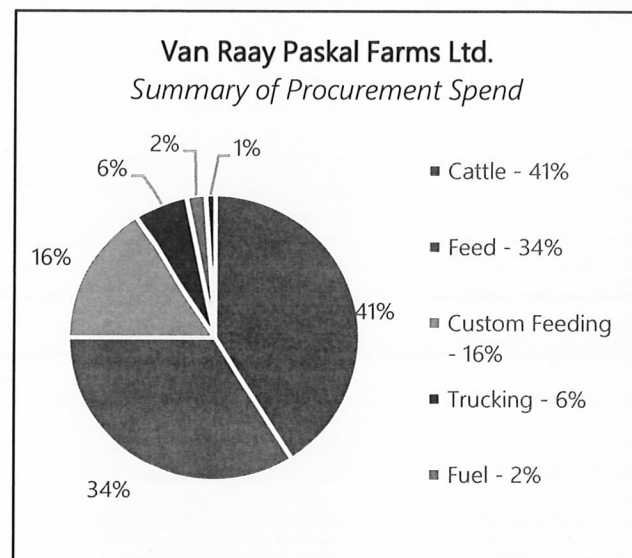


Figure 1: Summary of Procurement Spend

The Entities grow, purchase, sell and distribute crops to be used in feeding livestock or to resell in the commodity markets within Canada and outside of Canada. VRP Farms grows silage and purchases

barley, corn, silage, and wheat. VRL grows barley, canola, lentils, and wheat. The Entities' crops are grown on their own farmland or purchased from a Canadian retailer.

See Figure 1 (above) for a breakdown of procurement spend across all activities, during the fiscal year.

Policies & Due Diligence

VRP Farms and VRL have the following policies and due diligence procedures in place in relation to forced labour and/or child labour:

Internal Policies

VRP Policies and Information Package

The VRP Policies and Information Package is a collection of the Entities' policies, employee expectations, and forms provided to new employees upon hiring and commencement of work. This package also has aspects related to forced labour and or child labour through non-discrimination, anti-harassment and violence, and professional behaviour policies and clauses. Though forced labour and/or child labour are not explicitly stated within the documents, aspects and clauses of the documents speak directly to the treatment and behaviour of employees. The package also provides mechanisms and procedures for employees to confidentially report violations of policies, morals or laws, or if they have questions or inquiries.

Code of Conduct

Certain elements of the Entities' Code of Conduct relate to conducting work in an ethical, and professional manner and expected behaviour that must be followed. The Code of Conduct is part of the VRP Policies and Information Package and references various policies in the package regarding non-discrimination, anti-harassment and violence, and professional behaviour policies and clauses. Though forced labour and/or child labour are not explicitly stated within the document, aspects and clauses of the document speak directly to the treatment and behaviour of employees.

Due Diligence Processes

New Employee Hiring and Onboarding

When the Entities interview potential employees for hiring, part of the due diligence process is reviewing government-issued proof of identification. This process verifies the identity and birthdate of the applicant, and is retained in their employee file.

When onboarding new employees, the Entities review each of the policies noted above, to ensure they are understood by the individual. Employees are required to sign these policies at the time of onboarding, or when a change is made, to reflect understanding and adherence.

Whistleblower

There are mechanisms in place for employees to confidentially report violations of their Code of Conduct, other policies, morals or laws, or if they have questions or inquiries. A formal complaint may

be submitted to an operations manager or Human Resources manager. The manager appointed to the case investigates the incident and determines the appropriate action to resolve the incident. There is also a confidential hotline service available to employees where they can report any violations. This confidential hotline is managed by an external consultant.

Supplier Due Diligence

When selecting suppliers to engage with, the Entities consider community reputation, past performance, commodity pricing, and the likelihood of delivery. While the Entities approve, monitor, and oversee supplier performance, there is currently no formal policy guiding buyers on procurement processes or incorporating assessments related to this Act.

The Entities recognize the opportunity to enhance internal policies and due diligence processes as it relates to this Act. The Entities are continuing to understand their supply chain to assess this risk.

Risk Assessment

A risk assessment over the Entities' industry of operation, goods procured, and the countries goods are procured from has been performed over material direct suppliers. The risk assessment used two separate indices to conclude on inherent risk of child and/or forced labour related to goods and countries – *Walk Free's Global Slavery Index* and the *US Department of Labor's List of Goods Procured by Child Labor or Forced Labor*.

Industry of Operation

The Entities operate within the agriculture industry. Given the two indices noted above have identified risks of child labour and forced labour inherent to agricultural products, it is concluded that this industry has an inherent risk exposure.

Goods Procured

The Entities procure agriculture products. A risk assessment over the goods procured from suppliers has been conducted and identified an initial inherent risk of forced and/or child labour within the following categories: cattle, corn, and wheat.

All other remaining goods were not included in either of the indices, therefore, the Entities conclude that these remaining goods have a low inherent risk of child labour or forced labour.

Countries Which Goods Are Procured From

For the purposes of a risk assessment over countries goods are procured from, this report focuses on direct suppliers only. The Entities procures goods from suppliers within Canada and the US. Both indices have identified Canada and the US as having a low inherent risk to the use of child and/or forced labour.

The results above indicate that there is a high risk of forced or child labour within the agriculture industry. This does not mean that evidence of forced labour or child labour was found to support this risk analysis but that more auditing and monitoring will be needed to reduce the risk in these areas.

Remediation of Forced Labour & Child Labour

To reduce the risk of child labour or forced labour within the Entities' activities and supply chain, the Entities will continue to have conversations and engage with suppliers on the subject. The Entities have identified the opportunity to implement and enhance policies and due diligence mechanisms to reduce the risk of child labour and forced labour within their activities and supply chain.

Remediation of Vulnerable Family Income Loss

To date, there have been no instances identified by the Entities of forced labour or child labour within their activities or supply chains. Therefore, the Entities have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Awareness Training

The Entities do not have training in place on the topic of child labour or forced labour. However, they conduct an onboarding process for new employees where the Entities provide an information package. This package has aspects related to forced labour and/or child labour through non-discrimination, anti-harassment, and professional behaviour clauses. This training is mandatory.

The Entities are exploring opportunities to provide training to all employees in identifying, assessing, and responding to risks of child labour and forced labour within their activities and supply chains.

Assessing Effectiveness

To track the Entities' effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

- Policy review: The Entities have committed to reviewing and updating relevant policies on a frequent basis to ensure relevance and accuracy based on the current operating conditions in accordance with the Act.
- Conduct and behaviour incidents: Both Entities have zero tolerance for inappropriate conduct and behaviour. All claims made regarding this will be reported to management, including an action plan to resolve the issue in a timely manner.
- Employee training: Both Entities will continue to track employee training completion metrics to ensure the completeness of relevant training.
- Supplier monitoring: Though informal, discussions will continue to exist with suppliers regarding issues that may impact the Entities' supply chain.

The Entities recognize that there are areas of opportunities to reduce the risk of child or forced labour within its activities and supply chains.

Steps Taken by Entity

The Entities have taken the following steps to prevent and reduce the risk that forced labour or child labour:

- Mapping activities: As part of this report, the Entities have mapped their activities to understand its areas of risk.
- Mapping supply chains: Identifying components of the Entities' supply chain including who the suppliers are, country of origin, as well as the good supplied.
- Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: As part of this report, the Entity has identified risks within their activities and supply chains that have inherent risks of child labour and/or forced labour.
- Due diligence processes and policies: The Entities have policies and documents, although nothing specific to voluntary recruitment of forced and child labour. Staff agree to these policies and documents when joining the Entities. As a general due diligence measure (internal control), Driver's Licenses are verified at the time of hiring.

The Entities have processes for workers to report incidents or complaints, without fear of retaliation. The Entities maintain internal accountability standards and procedures to respond to failure by workers to meet organizational policies, expectations, and commitments; although, these are not specific to forced and child labour. There is an individual appointed by the Entities to develop, implement, and oversee their policies and compliance. An external consultant also provides support to the appointed individual to develop, implement, and oversee the Entities' policies.

- Supplier due diligence: The Entities have due diligence measures when choosing and selecting suppliers to engage with, including community reputation, past performance, commodity pricing, and likelihood of delivery.

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 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.

Glen E. Mackey

A handwritten signature in black ink, appearing to read 'G. Mackey', written over a horizontal line.

Full Name

Signature

Chairman

May 30, 2024

Title

Date

I have the authority to bind Van Raay Paskal Farms Ltd. and Van Raay Land Inc.