



WEST COAST
REDUCTION LTD.

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS
ANNUAL REPORT

INITIAL REPORT –

REPORTING PERIOD: Jan. 1, 2023 – Dec. 31, 2023 (“Reporting Period”)

NOTHING LEFT BEHIND*

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1. INTRODUCTION

This report is provided by West Coast Reduction Ltd. (“WCRL”) under the *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”)*. For the purpose of this report, the term “forced labour” is defined to include both forced labour and child labour as defined in the Act, unless specified.

This statement has been approved by the Board of WCRL and signed below by the Chief Executive Officer.

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”.

Full Name: Barry Glotman

Date (DD/MM/YYYY): 30/05/2024

Signature: 
I have the authority to bind West Coast Reduction Ltd.

2. WEST COAST REDUCTION LTD.- STRUCTURE, OPERATIONS & SUPPLY CHAINS

2.1 About West Coast Reduction Ltd.

At WCRL ‘nothing’ is important to us. Because when there’s nothing left - that’s when we’ve done our job.

WCRL collects food waste and by-products from food producers, like farms, restaurants, and supermarkets, transforming them into valuable products used in the production of renewable energy, animal feed and other agriculture products. WCRL’s efforts contribute to a sustainable local food supply and help us all live in cleaner and healthier communities.

In total, WCRL recycles over 1.5 billion pounds of food waste and by-products every year in Western Canada. WCRL is an integral part of a circular economy, producing local ingredients required by agri-food producers. In addition to a local supply of important ingredients, WCRL offsets the cost of food waste

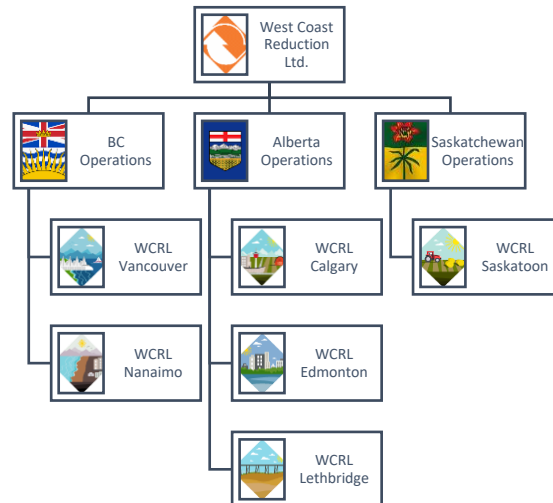
disposal by providing credits to large producers for their by-products thus reducing costs incurred by the local food supply chain and helping to sustain the local food industry.



2.2 Reporting Entity and Structure

WCRL meets the criteria for being a reporting entity under section 2 of The Act.

Established in 1964, WCRL is a Canadian private corporation incorporated under the laws of the Province of British Columbia. WCRL's head office is located in British Columbia with operating divisions throughout Western Canada including two divisions in British Columbia, three divisions in Alberta and one in Saskatchewan. WCRL has no subsidiaries, and its operations are structured under one operating entity - WCRL. The operating divisions in each province are depicted below:



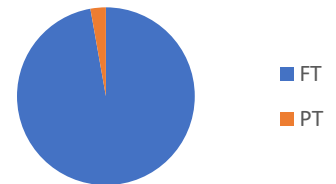
2.3 Business Operations & Employees

WCRL has been in the recycling business servicing agriculture for 60 years. Our mission is to contribute solutions that ensure a sustainable local food supply. Our vision is to ensure Nothing is Left Behind. To WCRL this means providing essential services to over 11,000 businesses and industry partners in Western Canada, focusing on sustainability, reducing environmental impacts in agri-food production, and ensuring bio-security for farmers and meat processors.

WCRL's goal is to contribute sustainable solutions to the agriculture sector, particularly in maintaining a local, resilient food supply. Our expertise lies in handling animal by-products from various sources, including farms, meat processors, butcher shops, and abattoirs. These animal by-products are recycled and then transformed into various products, including renewable energy and animal feed.

WCRL has key oversight through its head office located in Vancouver, British Columbia. Key operational decisions are assigned to divisional operations throughout Western Canada. WCRL has over 475 direct full-time employees in Western Canada, 14 direct part-time employees and no employees located outside of Canada. WCRL employees are all eligible to work in Canada and WCRL does not participate in any temporary foreign worker programs. Full-time employees are provided competitive compensation including benefits and retirement savings plans.

Employment Type



2.4 Activities

WCRL's key activities include:

Manufacturing - WCRL recycles over 1 billion lbs of animal by-products and used cooking oil to produce valuable ingredients including animal fats, yellow grease, protein meals, and hides. WCRL operates rendering plants throughout Western Canada (Nanaimo, Vancouver, Edmonton, Lethbridge, Calgary and Saskatoon). By-products are collected from agri-food producers in Western Canada and Washington State. Finished products are sold both domestically and in export markets.

Trading - WCRL trading operations includes the purchase, refining, storage and sale of animal fats, yellow grease, vegetable oils and protein meals. WCRL acquires products both domestically and from suppliers in the USA. Sales are made both domestically and in export markets.

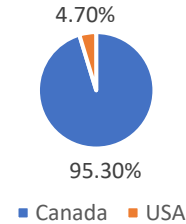
Bulk liquid storage and handling - WCRL operates a bulk liquid tank farm in Vancouver, British Columbia. This facility handles and stores third party vegetable oils.

2.5 Supply Chain

WCRL has supplier relationships working with over 10,000 suppliers. Where possible, WCRL sources goods and services locally. Inputs range from Canadian farmers and local restaurants to large multi-national corporations. WCRL's key input in manufacturing is its raw material supply (animal by-products and used cooking oil). The majority of the raw material supply or animal by-products are sourced domestically with a small percentage residing in neighbouring US states.

In addition to the raw materials by-products, WCRL procures a range of other goods and services in connection with its manufacturing and trading operations. These include animal fats and vegetable oils, animal protein, logistics services, maintenance parts and services, cleaning services, plant equipment, information technology parts and services, consumable inventory, natural gas, electricity, and other utilities, personal protective equipment, uniforms, office consumables, chemicals, and consulting services.

Raw Material By-Product Supply



In 2023, WCRL transacted with 2,684 vendors mostly from Canada and the USA, however, some organizations domiciled in Canada and the USA may be sourcing products or materials from other origins.

	Canada	USA	Australia	U.K.	Ireland	France	India	Romania	Total
Supplier Count	2,467	205	4	3	2	1	1	1	2,684

WCRL employs experienced procurement teams to manage the supply arrangements. Given the nature of WCRL’s business activities, many of the arrangements WCRL has with its suppliers are stable and long-term as products and services are generally acquired on an ongoing basis. Examples of long-term arrangements include animal by-product suppliers, agent haulers, equipment suppliers and professional contractors. WCRL distributes products both domestically and internationally. Customers primarily consist of feed producers, renewable fuel producers, pet food companies and distribution companies. WCRL has long-term well-established relationships with customers. While the majority of customers reside in North America, WCRL does export a small percentage of its products through brokers to countries such as Philippines, Vietnam, and Thailand.

3. POLICIES & DUE DILIGENCE PROCESS

At WCRL we are serious about social responsibility, and the company is committed to limiting the risk of forced labour in WCRL’s supply chains.

While rendering plays a huge part in the preservation of our environment, WCRL understands that how we operate matters too. WCRL is deeply committed to operating in a sustainable and responsible way. As a company that cares, we are dedicated to supporting our community, environmental initiatives, building greater awareness around what we do and hiring people who share our values.

During the reporting period year 2023, WCRL began the process to review and assess the forced labour risks in our operations and supply chains. Our global supply chain is complex and accordingly, for this first reporting year, WCRL is still in the process of fully assessing its risk of forced labour within the supply chain. WCRL is certain that internally WCRL complies with or exceeds employment standards in all jurisdictions. WCRL is however unable to fully outline risk mitigation and remediation actions required to mediate the risks externally within the supply chain.

3.1 WCRL's Governance Structure

WCRL understands that making forced labour unacceptable throughout the supply chain is critical to contributing to the end of this type of exploitation. WCRL believes that setting the tone at the top is key to empowering employees to actively implement changes throughout our organization in evaluating our supply chain. At present, the CEO, CFO, COO, Corporate HR Manager and Corporate Purchasing Manager are involved in overseeing forced labour risk management and the preparation of this report.

3.2 Due Diligence Processes

WCRL acknowledges that to identify, assess and address forced labour risks, companies need to have in place the appropriate due diligence processes. Currently, WCRL assesses and addresses forced labour risk factors through corporate policies and procedures and employee onboarding. WCRL also has supplier onboarding processes which intends to continue to enhance and strengthen.

3.3 Current Policies

WCRL employee policies and procedures have been established as follows:

Terms & Conditions of Employment Policy – to ensure that each employee understands and has communicated to them the terms and conditions of employment and to ensure WCRL only employs individuals who are legally authorized to work in Canada.

Employment Hours of Work Policy – to establish standard hours of work governed by the provisions of the applicable collective agreement or relevant employment standards legislation.

Employee Orientation & Onboarding Policy – to ensure that newly hired employees receive an effective and uniform introduction to WCRL and that new workers receive adequate health and safety orientation and training to maximize the prevention of workplace accidents and injuries.

Pay Administration Policy – to ensure that each employee is fairly and equitably rewarded and paid for performance of a job.

Overtime Policy – to ensure overtime hours and premiums are administered consistently, fairly and equitably and paid correctly.

Job Protected Leave Policy – to ensure employees are aware of their rights and procedures related to job protected leaves of absence.

Statutory Holiday Policy – to ensure that all eligible employees are granted a non-working statutory holiday for each of the recognized statutory holidays.

Employee Relations – Conduct and Behaviour – to provide guidelines off what is considered acceptable and unacceptable conduct and behaviour.

Employment Relations – Workplace Violence, Bullying, Harassment & Discrimination – the procedures to be followed regarding workplace violence, bullying or harassment, sexual harassment and discrimination

so that employees reporting alleged incidents will know the matter will be treated confidentially and may be reported without fear of retaliation or reprisal. This policy clearly states that these behaviours are not tolerated and, where possible, are remedied.

WCRL ensures management oversight over the hours of work which includes a quarterly review of each divisions budgeted hours, overtime hours and detailed review of the highest hours worked in each division to ensure employees are not working excessive hours.

WCRL has oversight through senior management over adherence to WCRL policies, code of conduct, dispute resolution, and disciplinary actions.

4. FORCED LABOUR & CHILD LABOUR RISKS

WCRL understands that some countries may have higher risks of forced labour, including due to poor governance, weak rule of law, conflict, migration flows and socioeconomic factors like poverty.

In this reporting period, WCRL undertook high-level risk assessment to identify risks of forced labour within its operations and supply chain. In undertaking this first risk assessment, WCRL's most significant exposure to forced labour is viewed to be posed from goods imported by suppliers into the business through Tier 2 and Tier 3 suppliers.

During the reporting period, WCRL prioritized the identification of the highest potential risk supply chains and service providers. The following risks were identified:

4.1 Geographic risk

While the highest prevalence of forced labour is found in low-income countries, WCRL understands this is connected to demand from higher income countries. The complex supply chain may result in WCRL inadvertently engaging with companies that may use forced labour.

Although, the vast majority of WCRL's suppliers are located within North America, WCRL does import some products from India, and Romania. India and Romania are deemed to be higher risk under the Walk Free Global Slavery Index (India 8 and Romania 7.5 prevalence per 1,000 people).

4.2 Sector and Industry Risks

WCRL operates in the agricultural, restaurant and manufacturing sectors. These sectors, especially in certain regions, have a higher risk of subcontracting to facilities that exploit forced labour, have higher risk of underaged or forced labour through the use of migrant or undocumented workers in slaughterhouses, processing operations or on farms or in restaurants.

4.3 Entity Risk

WCRL procures products and services from over 10,000 suppliers. While the majority of the Tier 1 suppliers are based in Canada and the USA, given the large number of products and ingredients required in our manufacturing process, there is a risk that WCRL inadvertently works with companies engaging in forced

labour practices through the supply chain via Tier 2 or Tier 3 suppliers. While WCRL does not currently have visibility into the Tier 2 and Tier 3 suppliers, the following are higher-risk areas identified by WCRL:

- Electronics – The Walk Free Global Slavery Index has rated electronics as Canada's highest at-risk import.
- Garments and textiles – The Walk Free Global Slavery Index has rated garments and textiles as Canada's second and third highest at-risk import.
- Chemical supplies – WCRL sources chemicals in the manufacturing process through Tier 1 suppliers located in Canada and the USA. WCRL understands that some chemicals are sourced by these Tier 1 suppliers from countries that have higher risk ratings including India, Mexico or China.
- Consumable parts and supplies – WCRL understands that some parts and supplies may have Tier 2 and Tier 3 suppliers that are sourcing products from countries that have higher risk ratings including India, Mexico or China.

WCRL acknowledges that one of the key steps to effectively address forced labour in its operations and supply chain is ensuring appropriate governance and policy frameworks are in place. WCRL will seek to take steps to improve the way we approach and manage forced labour in the supply chain.

5. ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISKS OF FORCED LABOUR (RISK MITIGATION & REMEDIATION)

WCRL is still in the process of fully assessing its risk of forced labour practices. Through an internal review of policies, procedures and internal controls surrounding payroll and labour, WCRL is confident that it does not directly utilize forced labour. There are no employees paid below the minimum wage in the applicable jurisdictions, employees' hours are digitally captured, and pay is calculated based on employment standards and / or a collective agreement. WCRL uses direct labour for roles throughout all facilities with the exception of agent hauling, cleaning and security services which WCRL has established long term contracts and pays market rates for services employed.

At this stage, WCRL has identified the need to further examine our supply chain and to employ enhanced measures to remediate forced labour in our Tier 1 and Tier 2 suppliers. No external measures beyond a high-level assessment of key risk areas have been taken during the Reporting Period.

WCRL's next steps will be to engage with suppliers identified as higher risk to ascertain the actual risk of forced labour in Canadian supply chains.

WCRL will also continue to develop awareness within the organization about the exploitation of workers around the globe and the importance of due diligence in selecting supply chain partners.

5.1 Next Steps

In the next reporting periods, WCRL Intends to:

- WCRL completes annual reviews of the employee handbook with a working group including front-line managers. During future reviews, the Corporate Manager of Human Resources will work to protect employees and other labour from forced labour in the Canadian supply chain.
- Provide annual training to the purchasing department using the Walk Free – Modern Slavery Response & Remedy Framework.
- Enhance the business’ procurement processes and, where appropriate, establish or formalise procurement procedures and policies which embed consideration of forced labour risks and mitigation measures, which may include developing a supplier code of conduct or supplier minimum standards to be incorporated into supply agreements.
- Supplier approval processes – we intend to bolster the current supplier approval process to include a specific assessment of forced labour risk, and to implement controls to mitigate this risk.
- Contractual Terms and Conditions – WCRL will review its standard contract and purchase order terms to ensure suppliers are fully aware of their obligations under The Act.

5.2 Remediation of loss of income

WCRL has judged that vulnerable families have not experienced loss of income as a result of steps taken to eliminate forced labour risks.

6. TRAINING

WCRL actively onboards all employees and provides training surrounding our policies and procedures. WCRL will continue to train employees on the company’s policies related to forced labour including zero-tolerance policies and procedures related to forced labour. WCRL will ensure employees are trained on revisions to the policies to further bolster WCRL’s eradication of forced labour in Canadian supply chains.

Procurement plays an important role in identifying risks within WCRL’s supply chain. Training will be provided on how to map and assess the supply chain to identify high-risk areas for forced labour, such as countries or industries known for forced labour practices. WCRL will utilize tools published by Walk Free in educating our internal teams.

WCRL will train management on Canadian forced labour compliance allowing WCRL to identify key suppliers and internally review / audit their compliance with Canadian reporting requirements.

The training will emphasize the need for continuous improvement in addressing forced labour risks in WCRL’s supply chain including the importance of reporting and supplier engagement with the aim to increase awareness, transparency and improve practices.

7. EFFECTIVENESS

Given the early stage of WCRL's forced labour risk assessment process, it is too early to clearly assess the effectiveness of any actions taken on our external supply chain. WCRL will continue to develop and modify the approach taken to identify and manage forced labour risks throughout the supply chain. The measures and frameworks may include:

- Monitoring the number of supplier contracts which incorporate forced labour clauses.
- Implementing a supplier code of conduct and including it as part of future contracts to ensure suppliers are fully aware of their obligations under the Act.
- Monitoring key suppliers' website and reviewing their forced labour in Canadian supply chains report to identify risks within our Tier 1 suppliers.
- Including forced labour training and information for relevant staff/personnel to ensure they are fully aware of WCRL's policies and controls in relation to the Act.