

Forced Labour and Child Labour in Supply Chains Company
Assessment

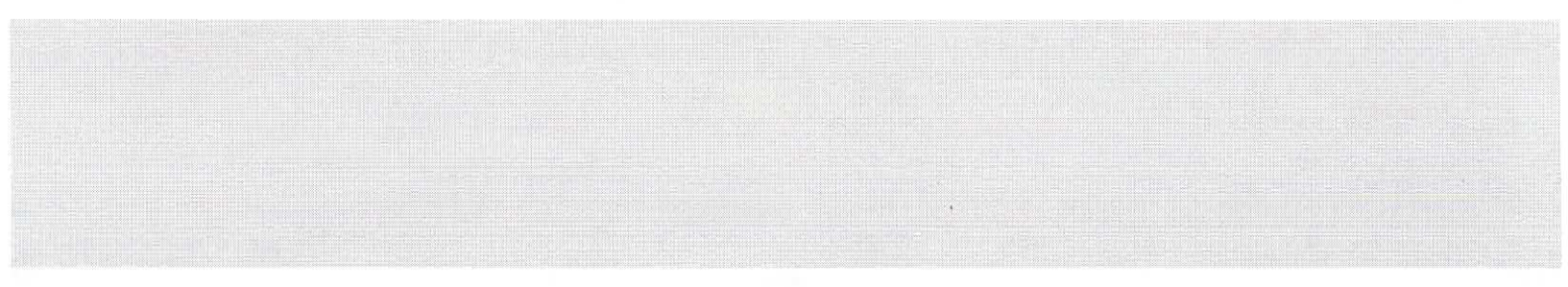


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Executive Summary

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.

These 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 steps 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 Ken Van Raay Inc. ("Entity") 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).

Ken Van Raay Inc. satisfies 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 Ken Van Raay Inc. covered by this report is November 1, 2023 to October 31, 2024.

Structure, Activities & Supply Chain

Ken Van Raay Inc. operates as a corporation (Business Number 136666815) located at PO Box 127, Picture Butte, Alberta, T0K 1V0.

Ken Van Raay Inc. operates within the agriculture industry, buying Canadian cattle, and feeding cattle until they meet the size specifications for sale. Once size specifications are met, these cattle are distributed to slaughterhouses and meat markets within Canada. Ken Van Raay Inc. procures cattle directly from farmers, ranchers or through brokers. These purchases are made through Canadian suppliers. The Entity's cattle feed needs are met through custom feedlots located in Canada.

Ken Van Raay Inc. utilizes a feed yard in Canada for raising cattle until size specifications are met for slaughtering and / or being put into meat markets. The Entity monitors the cattle to ensure animal welfare is top priority by monitoring feed and water intake, and ensured veterinary assistance is given when appropriate.

Ken Van Raay Inc. also grows, purchases, sells, and distributes crops to be used in feeding livestock or to resell in the commodity markets within Canada. Crops are also harvested on Ken Van Raay Inc. farmland and sold to feedyards to use as feed for cattle. These crops include primarily canola, corn, silage, barley, and wheat.

A summary of procurement spend over all activities during the fiscal year is as follows:

Livestock: 70%

Custom Feeding Cost: 26%

Fertilizer, Fuel and Seed 4%

Policies & Due Diligence

Ken Van Raay Inc. has the following policies and due diligence procedures in place in relation to forced labour and/or child labour:

Internal Policies and Documents

Letter of Offer of Employment

Ken Van Raay Inc. requires the employment offer to be signed by the individual being hired. It states the individuals' hourly wage rate, vacation pay rate, and expectations. The document indicates Ken Van Raay Inc. has no tolerance for any conduct deemed unsafe. Forced labour and/or child labour are not explicitly stated within the document but aspects and clauses of the document speak directly to the expected treatment and behaviour of employees.

Workplace Violence & Harassment Policy

This policy outlines the behavioural expectations of employees. The policy includes steps for employees to file grievances regarding workplace violence and harassment. 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.

Expectations of the Employer & Expectations of Employees Documents

These documents outline Ken Van Raay Inc.'s expectations and commitments to its employees and of its employees. They include behavioural expectations, a commitment to fair compensation for work performed, hours of work, and vacation/time-off procedures. Forced labour and/or child labour are not explicitly stated within the document but aspects and clauses of the document speak directly to the expected treatment and behaviour of employees.

Due Diligence Processes

Employee Onboarding Process

When onboarding new employees, Ken Van Raay Inc. reviews each of the policies and documents noted above and conducts a safety training program, to ensure they are understood by the individual. Part of their due diligence process is reviewing government-issued identification ("ID"). This process verifies the identity and birthdate of the applicant and is retained in their employee file. Employees are required to sign-off on documentation at the time of onboarding to reflect understanding and adherence.

Incident Reporting Mechanisms

There are mechanisms in place for employees to report violations of policies, morals or laws, or if they have questions or inquiries. These exist as formal forms for employees to fill out (e.g., Hazard Notification Form and Incident Report Form), grievance procedure outlined in the *Workplace Violence & Harassment Policy*, and an open-door policy to communicate any perceived or real concerns at the workplace without repercussion.

Supplier Due Diligence

Due diligence activities for Ken Van Raay Inc. involve assessing factors of suppliers such as community reputation, past performance, commodity pricing, and delivery likelihood when selecting suppliers. While the Entity approves, monitors, and oversees supplier performance, there is currently no formal policy guiding buyers on procurement processes or incorporating assessments related to this Act.

Ken Van Raay recognizes the opportunity to enhance internal policies and due diligence processes as it relates to this Act. The Entity is continuing to understand their supply chain to assess this risk.

Risk Assessment

A risk assessment of Ken Van Raay Inc.'s 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 the 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

Ken Van Raay Inc. operates 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

Ken Van Raay Inc. procures agriculture products. A risk assessment over the goods procured from material suppliers noted above 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, it is concluded that they have a low inherent risk of child labour and/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 the direct suppliers only, specifically, the countries of head offices and direct business locations that Ken Van Raay Inc. purchases from.

Ken Van Raay Inc. procures goods from suppliers within Canada. Both indices have identified the countries 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 Ken Van Raay Inc.'s activities and supply chain, Ken Van Raay Inc. will continue to have conversations and engage with suppliers on the subject. Ken Van Raay Inc. has 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 Ken Van Raay Inc. of forced labour or child labour within their activities or supply chains. Therefore, Ken Van Raay Inc. has 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

Ken Van Raay does not have formal training on forced labour or child labour, however, does conduct an onboarding process for new employees where the company provides a new employee orientation package. This document has aspects related to forced labour and/or child labour through non-discrimination, anti-harassment, and professional behaviour clauses. This training is mandatory.

The Entity is exploring opportunities to provide training to all employees in identifying, assessing, and responding to risks of child labour and forced labour within the activities and supply chains of the company.

Assessing Effectiveness

To track Ken Van Raay Inc.'s effectiveness of procedures to mitigate the risk of child labour and forced labour, the company will continue to conduct supplier monitoring. Though not a formal process, discussions will continue to exist with suppliers regarding issues that may impact Ken Van Raay's supply chain. Ken Van Raay has identified the opportunity to incorporate discussions with suppliers, related to this Act.

Steps Taken by Entity

During the previous financial year, the Entity has taken the following steps 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:

- **Mapping supply chains:** Identifying components of Ken Van Raay Inc. supply chain including who the suppliers are, country of origin, as well as the good supplied.
- **Conducting internal assessments of risks:** Ken Van Raay Inc. partakes in general risk management which includes identifying events which could affect the company from achieving its strategy, and the associated mitigation activity.
- **Due diligence processes and policies:** Ken Van Raay Inc. has policies and documents, although nothing specific to voluntary recruitment of forced and child labour. Staff agree to these policies and documents when joining Ken Van Raay Inc. As a general due diligence measure (internal control), Driver's Licenses are verified at the time of hiring.

Ken Van Raay Inc.

Ken Van Raay Inc. has processes for workers to report, without fear of retaliation. The Entity maintains 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 company to oversee policies and compliance.

- **Supplier due diligence:** Ken Van Raay Inc. has due diligence measures when choosing and selecting suppliers to engage with, including community reputation, past performance, commodity pricing, and likelihood of delivery.

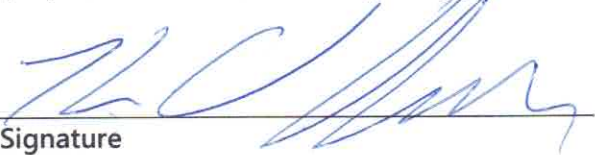
Conclusion & Recommendations for Management

The Entity recognizes that there are areas of opportunities to reduce the risk of child or forced labour within its activities and supply chains. The Entity is considering implementing the following, to reduce this risk and assess the effectiveness of doing so:

- **Supplier Contracts:** Existing and new suppliers may be required to sign a contract with the Entity, specifically outlining their responsibilities and adherence to the Entity's policies and procedures. This contract also specifies that forced and/or child labour are not to be used in the suppliers' activities and, the Entity will not do business with those who use forced labour and/or child labour.
- **Enhance Expectations of the Employer & Expectations of Employees Documents:** A forced and child labour clause should be added to these existing documents. This clause will explicitly state that the Entity has a zero-tolerance for forced and/or child labour.
- **Employee Compliance:** Employees will be required to annually review and sign-off on policies and documents, representing their adherence to the Entity's policies and expectations.
- **Policies and Procedures:** An annual review of the Entity's policies and procedures related to forced labour and child labour will be conducted, to identify gaps to further strengthen and reduce the risk of this within activities and supply chains.
- **Employee Training:** It is recommended that employee training on the topic of child labour and forced labour, be implemented into existing employee training programs.

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.

<u>Ken Van Raay</u>	<u></u>
Full Name	Signature
<u>President</u>	<u>May 29, 2025</u>
Title	Date

I have the authority to bind *Ken Van Raay Inc.*