



Prairie Flour Realty Ltd.

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Prairie Flour Realty Ltd.

Canadian Statement Against Forced Labour and Child Labour in Supply Chains

Pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the customs Tariff (the “Act”)

For the financial year ending July 31, 2024

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 its 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 is 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 Prairie Flour Realty Ltd.'s and its subsidiaries ("Prairie Flour Mills Ltd", "Company") 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).

Prairie Flour Mills Ltd. 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.

This report covers the financial year August 1, 2023, to July 31, 2024, and submitted for Prairie Flour Mills Ltd., located at 11 Janzen Rd, Elie, MB R0H 0H0.

Structure, Activities, and Supply Chains

Structure and Activities:

Prairie Flour Realty Ltd. is the holding entity of the operating Company "Prairie Flour Mills Ltd." and is in the primary business of agriculture and transformation of agricultural raw materials into end products, specifically milling and manufacturing high quality wheat flour.

The Company is federally regulated and operates a single flour mill located in Elie, Manitoba, and sources wheat primarily from farms located in the Canadian Prairies. The company is owned by a group of shareholders, governed by the Board of Directors and driven under the stewardship of the President/CEO. Prairie Flour Mills Ltd.'s supply chain is primarily domestic, involving Canadian farmers, grain handling facilities, packaging suppliers and transportation providers.

Prairie Flour Mills Ltd. makes a concerted effort to operate in ways that make a positive impact on society and the environment. The Company has a reputation for honesty and integrity, which is the key to the success of its business, this includes its employees, suppliers, customers and other stakeholders. At its fiscal year ending July 31, 2024, Prairie Flour Mills Ltd. had 69 employees.

Supply Chain:

Prairie Flour Mill Ltd. has approximately 155 direct suppliers with 98% based in Canada and remaining based in the US.

On occasion, Prairie Flour Mills Ltd. procures wheat from reputable grain traders, who source directly from Canadian farmers or elevators. Prairie Flour Mills Ltd. does not directly import agricultural commodities from outside Canada.

In addition to wheat, Prairie Flour Mills Ltd. sources packaging materials and machinery parts from Canadian and international suppliers. When engaging with international suppliers, Prairie Flour Mills Ltd. works with established companies with a history of ethical business practices.

Policies and Due Diligence

Prairie Flour Mills Ltd. is committed to upholding ethical standards in its business practices and supply chains. The company has a Code of Conduct and Ethics that outlines expectations for employee behavior, including a commitment to compliance with all applicable laws and respect for human rights.

All employees are required to review and acknowledge this Code as part of their onboarding process and also take part in annual training designed to ensure that their actions consistently align with the company's commitment to integrity and ethical business practices.

Prairie Flour Mills Ltd. prohibits the use of all forms of forced labour, including bonded labour, indentured labour, and child labour in our operations and our supply chains.

Prairie Flour Mills Ltd. does not employ individuals under the legal working age in Canada. As part of its hiring process, the company verifies candidates' age and legal right to work in Canada.

We prohibit discrimination in our operations and supply chain on the basis of race, color, religion, sex, gender identity, national origin, immigration status, disability, age, sexual orientation, marital status or any other status protected by local law. We prohibit harassment and abuse.

We share our Code and specific applicable policies with our business partners and communicate what is expected and strengthen our culture of integrity.

Additionally, Prairie Flour Mills Ltd. screens suppliers and business partners by engaging only with reputable organizations.

Risk Assessment and Management

Prairie Flour Mills Ltd. direct suppliers are well-established Canadian farmers and grain handlers, and the company does not tolerate any form of forced labour or child labour in its operations or supply chains.

Prairie Flour Mills Ltd. has taken steps to reach out to its largest vendor partners to determine the type of policies that are currently being practiced and whether these practices evaluate the use of forced labour or child labour risk in the vendors' supply chain.

For packaging materials, ingredients, equipment and machinery parts, we exercise caution by sourcing from trusted suppliers with established reputations.

Almost all our vendor partners are in Canada and U.S. and likely have implemented a code of conduct and business ethics procedures to evaluate compliance and regulatory risk.

We generally consider the risk of forced labour and/or child labour in our operations and supply chains to be low and will continue to monitor potential risks.

Remediation Measures

Prairie Flour Mills Ltd. has not identified any instances of forced labour or child labour in its operations or supply chains during the reporting year. Therefore, no remediation actions have been required.

During supplier setup we conduct a review of their business to assess the risk of child labour or forced labour. We specify under terms and conditions that Prairie Flour Mills Ltd. requires each supplier to adhere to local laws and regulations to inhibit forced and child labour.

Remediation of Loss of Income to Vulnerable Families

Prairie Flour Mills Ltd. has not encountered any cases of forced or child labour that require the implementation of remediation measures. As Prairie Flour Mills Ltd. has not undertaken any such remedial measures, its activities have not impacted or otherwise resulted in loss of income for such families.

Training

Prairie Flour Mills Ltd. provides training to all the employees on forced or child labour at the time of onboarding while starting employment and also yearly refreshing. Training was focused on:

- An overview of Bill S-211, similar laws around the world, the definition of forced and child labour, its forms, and examples of child and forced labour both globally and in Canada.
- A snapshot of the recent outlook on modern slavery including statistics of the global number of people suffering from modern slavery.
- Common key drivers of forced and child labour such as absence of rights, lack of physical safety, inequality, and corruption among others.

All staff are trained on the company's Code of Conduct and Ethics, which emphasizes compliance with Canadian laws and the importance of operating with integrity. Employees are encouraged to report concerns through established internal channels.

Effectiveness Assessment

On a continuous basis, we monitor compliance with our policies, both internally and for our vendors. We also review any concerns raised by our employees. We continue to evaluate the effectiveness of our program by:

- Identifying risks: communicating directly with our vendors to identify risk (i.e. is the vendor aware of the Forced Labour or similar legislation, what are vendors processes for identifying, assessing and addressing unethical practices such as forced labour and child labour.
- Perform due diligence: for individual vendors, request a vendor code of conduct or third-party risk management policies and practices where available.
- If required, visiting the suppliers to ensure they align with ethical business practices and Canadian labour standards.
- Also, a questionnaire for our employees has been developed and implemented to measure the effectiveness of the training, policies and procedures in preventing forced or child labour.

Conclusion:

Prairie Flour Mills Ltd. plans to continue refining its internal processes by updating policies and procedures, supply chain management processes and forced and child labour awareness training to employees, to meet the requirements of the Bill S-211. We commit to having an ongoing assessment of forced and child labour in our operations to continue to comply with the reporting requirements of the Act.

Approval and 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 this report. Based on my knowledge, and having exercised reasonable due diligence, I attest that the information in this report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Name: Gerald Bryson

Signature: 

Title: President and CEO, Prairie Flour Mills Ltd. Date: May 27, 2025

I have the authority to bind Prairie Flour Realty Ltd., and this report covers the financial year 2024 and applies to Prairie Flour Realty Ltd. and its wholly owned subsidiaries.