

**Report on the *Law on Combating Forced Labor and Labor children in supply chains***



May 31, 2024

## Message from the general manager

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I am pleased to present this first report from Uniag Cooperative following the adoption by the federal parliament, in May 2023, of the Law on Combating Forced Labor and Child Labor in Supply Chains ( Bill S-211).

This report aims to provide an overview of the current situation within our organization regarding the measures taken to prevent and mitigate the risks linked to the use of forced labor and child labor. It also aims to identify improvements that could be made in order to comply with industry best practices and adapt our policies and processes with the aim of preventing and reducing the risks of forced labor and child labor in the context of our activities and our supply chains.

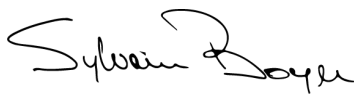
Uniag Coopérative is an agricultural cooperative and an economic force in Montérégie-Ouest and eastern Ontario. Born from La Coop Unifrontières, resulting from the merger between La Coop des Frontières and La Coop Uniforce since November 27, 2016, then from the acquisition of La Coop AgriEst since April 1, 2017, it has seven business locations (banners : BMR, BMR Express, Agrizone and Sonicchoix) in addition to five fertilizer centers. It should be noted that La Coop Uniforce acquired 70% of Norseco, a market garden seed sales company with 39 employees, in 2014. Uniag also operates in the following sectors of activity: animal and plant production, agroenvironment, grain marketing service and hardware products. It has more than 934 agricultural members and 570 auxiliary members. It employs more than 140 people who combine knowledge and skills and its turnover is \$248 million. Uniag's mission is to contribute to the success and development of its members, and adheres to the values of rigor, integrity, solidarity and commitment.

The cooperative wishes to be a good cooperative and corporate citizen, and to have a positive impact on society while being economically viable. Since 2022, Uniag Cooperative has been committed to a process to integrate the social, environmental, economic and ethical effects of its activities into its decision-making. This approach is deployed daily by acting with kindness towards its stakeholders, considering the resources around it, responding to the expectations of communities and contributing to generating collective wealth, all with the aim of promoting a sustainable future for all.

Forced labor and child labor represents a scourge that must be fought, and which constitutes, as the Law says, a form of human slavery which contravenes the basic values of human dignity and which is contrary to our values. cooperatives. The adoption of this new law gives us the opportunity to review our policies with the aim of preventing and mitigating, within the framework of our activities and our supply chains, the risk posed by forced labor and child labor, in Canada and abroad.

This report therefore provides an account of the activities of Uniag Cooperative as well as the measures that we have implemented or that we intend to implement in order to prevent and mitigate the risks linked to forced labor and child labor.

Sincerely,



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Sylvain Boyer  
General manager  
Uniag Cooperative

## 1-Context

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Uniag Cooperative produces its report in accordance with the *Law on combating forced labor or child labor in supply chains* (the law "). This law came into force on 1<sup>er</sup> January 2024.

Uniag Cooperative is a subject "entity" within the meaning of the Act since it meets the criteria relating to commercial presence and size.

This report therefore aims to present the measures taken by Uniag Cooperative and Norseco ("Uniag", "organization" or "cooperative") in order to prevent and reduce the risks of forced labor and child labor in its supply chains, and to expose those that have been taken or will be implemented.

This report covers Uniag Cooperative's 2022-2023 financial year ending October 31, 2023. It is produced jointly by Uniag Cooperative and its subsidiary subject to the Act, Norseco sec Uniag Cooperative is the majority shareholder of Norseco, as it holds 70% of the shares of Norseco sec Remember that Norseco works in the distribution and marketing of vegetable, horticultural and ornamental seeds.

## 2-Measures taken to prevent and reduce the risks of forced labor and child labor

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By the nature of its sector of activity, Uniag Cooperative is committed to preserving the planet and natural resources, and is therefore inclined to support a local supply effort when possible, as part of a sustainable development approach. Several corporate responsibility initiatives demonstrate this.

Keen to meet the challenges facing the cooperative, Uniag Cooperative has adopted numerous sound governance measures over the years. This includes a code of conduct aimed at creating a healthy and trustworthy business and working environment, an environmental policy, an integrated risk management approach, training programs for staff and many others measures.

These various programs are regularly updated and respect the spirit of the laws that govern the cooperative, including the values underlying the Forced Labor and Child Labor Act.

The adoption of the Law, however, served as an impetus for Uniag Cooperative to accelerate its reflection on its business practices. Since then, Uniag has initiated a review aimed at evaluating its practices and identifying risks relating to the use of forced labor or child labor within its supply chains. This project aims to paint a picture of the current situation and determine the actions to be implemented to prevent and further mitigate these risks.

This analysis made it possible to identify a number of areas for improvement that could be made to organizational policies and business processes to combat forced labor and child labor. Over the next year, Uniag intends to prioritize the following measures:

- development of a procurement policy bringing together the principles and directives that will allow different managers and buyers to guide their decisions regarding the evaluation and selection of products and suppliers with whom they do business.
- updating the integrated risk management methodology to address the risk of forced labor and child labor in its supply chains.
- integration of forced labor and child labor law requirements into staff training programs.

These and other measures are explained in more detail below.

### 3-Structure, activities and supply chains

Uniag Cooperative operates in four sectors, namely the agricultural sector (expertise and products for farms with herds, large crops and for market garden producers), grain marketing, the retail sector (with its seven (7) stores under the BMR, Agrizone and Sonicchoix banners), and the vegetable seed sales sector, via its pan-Canadian subsidiary Norseco. All sectors work in the same direction to ensure prosperity and sustainability for the members of the cooperative.

#### Agricultural sector Uniag

Uniag Cooperative's main supplier to the agricultural sector is Sollio Agriculture, which notably supervises the marketing of Maizex Seeds. Sollio Agriculture sources agricultural inputs, notably fertilizers and grains, from suppliers mainly from Canada, but also from abroad for fertilizers. Imports mainly come from the United States, Europe (France, Germany, Belgium, Netherlands), Asia (China, Malaysia), North Africa (Morocco, Algeria), the Middle East, Lithuania, Turkmenistan and Trinidad.

#### Grain marketing

Uniag transacts by acting as a buyer and reseller of grain for field crop producers in its territory, namely Montérégie-Ouest and eastern Ontario.

#### Retail sector

Uniag Cooperative's main supplier for its seven (7) branches is Groupe BMR, whose head office and warehouse are located in Boucherville. Groupe BMR is the leading Quebec player in the field of distribution and marketing of hardware, renovation, construction materials and retail products. BMR products are sold exclusively in Canada. The BMR Group mainly sources its supplies from Canadian suppliers and imports few goods from abroad. Imported goods mainly come from Asia (China), Europe (Germany, Portugal and France) and Turkey.

#### Vegetable and ornamental seeds sector (Norseco)

The list of Norseco suppliers is published on its website (<https://www.norseco.com/fournisseursadresses-utiles/>). The products marketed by Norseco mainly come from the following countries: Denmark, USA, Italy, New Zealand, France, Japan, Holland and Spain.

### 4-Due diligence policies and processes

Uniag Coopérative has due diligence policies and processes that aim to govern relationships with its suppliers and business partners with the aim of maintaining healthy, harmonious, respectful and mutually beneficial relationships.

The following section mentions the measures already in place to prevent and reduce the risks of forced labor and child labor as well as the measures that have been taken or will be taken.

Several measures already in place allow us to mitigate the risk of forced labor and child labor in supply chains, including:

- *Ethics subcommittee*—In order to promote a healthy and safe work environment, Uniag Coopérative uses an email address for complaints, "fraud@uniag.coop". This system allows employees to raise concerns or report unethical behavior. This may include, for example, reporting violations of laws, raising concerns about health, safety and the environment, or even the use of forced labor or child labor in establishments. from Uniag or its suppliers. The members of the ethics subcommittee, namely the president of Uniag Cooperative and the president of the governance committee, receive the emails sent to this address and ensure analysis and monitoring.

- *Employee Code of Conduct (Employee Handbook)*—Uniag and Norseco have a code of conduct for their employees. It is a reference tool that includes mutual commitments between the organization and its employees. This tool aims to facilitate the work of employees, guide their decision-making and support the expression of their values.

Other measures will be developed in the short and medium term, including:

- *Procurement policy*—One of the action plans included in Uniag's corporate responsibility approach is to develop and deploy a procurement policy. This policy will bring together the principles and directives which will guide all decision-makers and buyers when evaluating and selecting products and suppliers. The need to respect human and labor rights will be explicitly mentioned.
- *Agreement with ARENA*—Our retail sector supplier, BMR Group, has signed an agreement with ARENA, an organization that awards certification on respect for human rights. This agreement covers part of the products imported by the BMR Group. ARENA has expressed its intention to extend this practice to other countries. ARENA is also a member of the Business Social Compliance Initiative (BSCI), an international organization that aims to improve working conditions throughout the supply chain. By joining the BSCI, its members and affiliated members, including the BMR Group, undertake to respect a code of conduct which is inspired by the principles set out by several international organizations, including the International Labor Organization (ILO) and the United Nations Universal Declaration of Human Rights.
- *The Independent Lumber Dealers Co-operative (ILDC)*—The BMR Group joined the purchasing group a few years ago *The Independent Lumber Dealers Co-operative (ILDC)*. Since December 14, all suppliers of products to companies belonging to this group must confirm that their activities comply with the provisions of the Act relating to forced labor and child labor.

## 5-Risk of forced labor and child labor

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Uniag Cooperative is aware that there is an inherent risk of labor exploitation in supply chains in several countries, particularly in the agriculture, food and retail sectors, and at all levels of the supply chain, from production to processing to packaging and transport. Uniag also understands that it has the opportunity to contribute to positive change in the communities where it works.

Uniag Cooperative also has an integrated risk management system. This aims in particular to identify, evaluate and manage the risks associated with the organization's various activities. It encompasses all types of risks, whether strategic, operational, financial, human resources, disclosure of sensitive personal information, reputation or regulatory compliance.

As part of this analysis, the Uniag Risk Management Working Team will address the following:

- the risks of forced labor in Uniag and Norseco facilities;
- the risks of forced labor and child labor among Canadian suppliers to Uniag and Norseco;
- the risks of forced labor and child labor among foreign suppliers of Uniag and Norseco, particularly in the countries most at risk.

For each of these risks, the risk level and risk trend will be indicated and action plans to mitigate each risk will be developed. These plans may include, where appropriate, mitigation measures to reduce the risks of forced labor and child labor; training programs for employees and managers, including those who make contracting or purchasing decisions; as well as measures aimed at evaluating the effectiveness of the various provisions that could be implemented by the cooperative.

That being said, given the policies and measures already in place within Uniag and Norseco among their main suppliers to detect forced labor and child labor, given the long-standing business ties with many suppliers and taking into account the experience and work ethic of the managers of the organization, Uniag believes, according to its best judgment, that the level of risk of the use of forced labor or child labor in its activities and its chains supply, in Canada or abroad, is

- “weak” for its retail sector activities.
- “low” for its activities in the market garden and ornamental seeds sector. Employees from the Norseco team visit the facilities of several of its suppliers annually, and have never witnessed forced labor or child labor. The countries from which the main suppliers come are not known to be at risk in terms of working conditions.
- “moderate” for its activities in the agricultural sector, i.e. for the supply chain linked to its main supplier, Sollio Agriculture, which mainly works in the more vulnerable sector of agriculture and which maintains business links with several countries worldwide. Uniag knows that its supplier, Sollio Agriculture, attaches great importance and seriousness to the Law on Combating Forced Labor and Child Labor in Supply Chains, and is currently making the necessary efforts to reduce maximum this risk.

Additionally, no Uniag or Norseco officer or staff member has witnessed forced labor or child labor in the cooperative's facilities or in the facilities of its suppliers and business partners, and no instances of forced labor or child labor was brought to their attention.

## 6-Remedial measures and their effectiveness

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Certain remediation measures in place allow the cooperative to identify cases of forced labor or child labor.

Through its risk management approach and governance, with the presence of the ethics subcommittee, Uniag and Norseco are able to identify cases of forced labor and child labor in their supply chains and evaluate them. the scope.

In the event that a case of forced labor or child labor is identified, corrective measures will be implemented immediately. This may include immediately stopping forced labor practices or removing children from work, ensuring their well-being. Also, appropriate support will be offered to victims, which may include medical, psychological, and social support, such as facilitating access to education for children removed from work. All stakeholders will be involved to determine appropriate measures aimed at ensuring not only the immediate cessation of forced labor and child labor practices, but also preventing their re-emergence, while providing essential support to victims for their reintegration and rehabilitation. protection.

Work could be done with human rights agencies and governments to implement remediation solutions.

Also, the organization will review and adjust its business policies and practices to prevent the recurrence of forced labor and child labor. This includes implementing strict due diligence policies and training employees and business partners on ethical working standards.

The effectiveness of the remedial measures would then be closely monitored, with reporting in subsequent annual reports.

## 7-Training

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To date, the boards of directors and managers of Uniag Cooperative and Norseco sec have been informed of the requirements of the law and the cooperative's obligations in this regard. Uniag intends to develop, in the medium term, a training and awareness plan which will focus in particular on forced labor and child labor.

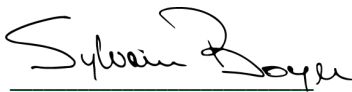
Uniag Cooperative also plans to hold information sessions for its current employees and new employees concerned. These information sessions focus in particular on the history of the organization, its mission and values, the occupational health and safety rules that apply to their work environment, the assistance and integration programs available, etc.

In order to create a healthy, value-creating and trustworthy working environment, Uniag Cooperative already has a program covering the ethics and values of the cooperative in the code of conduct for employees.

## Certificate

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In accordance with the requirements of the Act, and in particular section 11 thereof, I certify that I have reviewed the information contained in the report for the entity or entities listed above. To the best of my knowledge, and after having exercised reasonable diligence, I confirm that the information contained in the report is true, accurate and complete in all material respects for the purposes of the Act, for the above-mentioned reporting year.



Sylvain Boyer  
General Director of Uniag Cooperative  
May 27, 2024