Introduction

This report is Atlantic Poultry Inc.'s ("API") 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 analysis presented in this report is also applicable to Country Ribbon Inc. (CRI), a subsidiary of API.

API 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 API covered by this report is February 26, 2022 to February 25, 2023.

Structure, Activities & Supply Chain

Structure

API operates as a corporation at 713 Belcher Street, Port Williams, Nova Scotia B0P 1T0. API has its headquarters in Port Williams, Nova Scotia, and an additional hatchery division located in Kentville, Nova Scotia.

API was founded in 2012 and it is 100% owned and operated by Atlantic Canadian farmers. API specializes in the poultry industry, and it provides chicks, poults, feed and eggs to customers in Atlantic Canada. In 2016, API acquired 100% of Country Ribbon Inc. (CRI) shares, which is based in St. John's, Newfoundland. CRI supplies chicken products and also operates as a corporation.

In order to qualify as an entity for the Bill S-211 reporting obligation, companies need to meet the following thresholds:

- At least $20 million in assets
- At least $40 million in revenue, and
- An average of at least 250 employees

API meets the criteria for all three thresholds.

Activities

API operates within the poultry farming industry, breeding and providing goods for sale to farmers across Nova Scotia, New Brunswick, and Newfoundland and Labrador. API operates hatcheries, grading stations, layer barns, broiler breeder barns, and feed operations at its locations. CRI, API's subsidiary, is the only fully-integrated chicken producer and processor in the province of Newfoundland and Labrador. There are approximately 600 employees who work for API and CRI combined.

The core business units API that operate under API are:

1. Egg Division

2. Feed Division
3. Protein Division
4. Poultry Division (CRI)

Supply Chain

Figure 1 presents the makeup of API's and CRI's supply chain by country. API and CRI have 42 direct suppliers from two countries, one being Canada (95% of suppliers) and the other being the United States (5% of suppliers). *Note, this analysis was performed over core product suppliers which, for the purposes of this report, are direct suppliers of goods who account for at least one percent (1%) or more of API's and CRI's total procurement spend over the current reporting year.* API has 4 main categories of products, which include: turkey poults, day old chicks, table eggs, and poultry feed. All of these products are sold to farmers in Atlantic Canada. CRI has two main categories of product, chicken and feed.

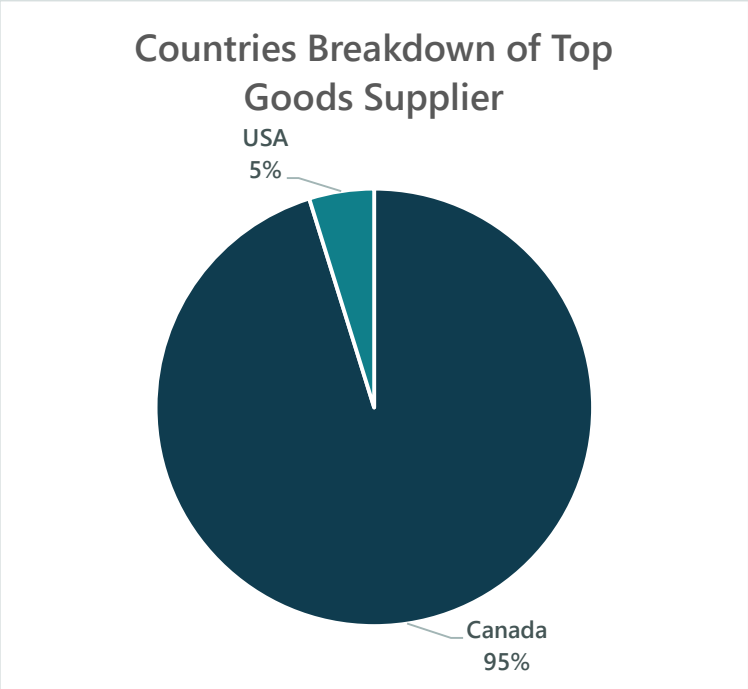

Figure 1

Policies & Due Diligence

API has the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and supply chain:

Internal Policies

API has an Employee Policy Manual which contains all employee-related policies.

The purpose of our manual is to share the employee policies and ensure an environment that supports a positive working environment and an efficient operation. A fundamental principle in our company is that employees are expected to be courteous and pleasant to customers, suppliers, and their colleagues at all times.

A Code of Conduct and Ethical Business Practices is part of the Employee Policy Manual. The code is designed to guide employees' through navigating workplace challenges and to instill individual responsibility in developing and applying good judgement, especially as it pertains to supervision of other staff. The Code of Professional Conduct is an important tool in guiding employee conduct in a way that builds a positive reputation for API, which includes the positive external perceptions from

applying ethical business practices.

The organizational culture permits employees to share concerns with their colleagues at any point in time. API operates with an open-door policy. Should employee concerns require attention, a policy of escalation ensures that key messages are shared with leadership, and pending investigation, mitigating, or remediating actions can be taken.

The Employee Policy Manual explicitly states that employees are encouraged to bring concerns and suggestions to their immediate supervisor as part of the chain of command. In addition, the Employee Policy Manual also clearly outlines the reporting procedures for incidents related to mistreatment of subordinates, injuries, discrimination, harassment, and workplace violence and abuse.

The policies outline that once a formal complaint relating to reporting any Discrimination or Harassment-related topics has been received, API will follow a 4-step process to complete a thorough investigation. Therefore, similar to the function of a whistleblower, should an issue arise related to forced labour or child labour, this reporting process is a mechanism in place to identify and alert an issue related to this Act.

API's Employee Policy Manual is designed to encourage positive workplace behaviours and to provide individual members of staff with the information required to report or remediate offenses or violation to the organization's policies. It is pertinent to note that API also offers training on respectful workplaces to encourage employee behaviour to align with our ethics and values.

API has identified an opportunity to take steps toward developing organizational policies that would help mitigate risk of forced and child labour in the supply chain.

Due Diligence

API engages vendors with whom we have long-standing relationships and have not encountered any known instances of risks associated with forced or child labour. A core tenet of API's operations is building and maintaining strong relationships. The major vendors API chooses to do business with are companies that are respected within their industry.

As part of the procurement process for large equipment purchases, API conducts site tours at the supplier's equipment plant to ensure quality of product. API also reviews quotes from suppliers for larger equipment parts and continue to work with well-known suppliers in the industry. All vendors are bound by the terms they sign, which are stated in the purchase order. Terms vary per agreement.

As part of our human resource processes, API verifies new employees' identities and social insurance numbers. This provides API with an opportunity to detect that all newly hired employees are legally eligible to work in Canada and are of legal age. We also conduct thorough reference checks using a third-party service. Finally, many staff in the CRI division are in unionized positions, as outlined in three collective agreements that provide additional processes and requirements.

Supply Chain Risk Assessment

A risk assessment over API's industry of operation, goods procured, and countries goods are procured

from has been performed over direct product suppliers. This 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 Produced by Child Labor or Forced Labor.

Industry of Operation

API operates within the poultry farming industry, providing poults, chicks, feed and eggs to Atlantic farmers. More broadly, API is considered part of the agriculture industry by Walk Free's index since we are involved in "the farming of agricultural commodities that form the lowest links of agri-food supply chains". According to the index, this industry has inherent risk exposure. However, operational risks are minimized since API is Workplace Hazardous Materials Information System (WHMIS) and Health & Safety Certified with all staff fully trained and experienced.

Goods Procured

API has four main categories of products. A risk assessment across these categories was performed, with only the meat category being identified with an inherent risk of forced and/or child labour. The remaining three categories are not identified with the two indices, and have a low inherent risk of child labour or forced labour.

API also procures services from local construction companies to build and maintain its hatcheries, but at this point in time, we cannot confidently assign a risk level as there is a high variance in the materials that are part of local construction. Construction services are not a significant portion of our supply chain and are procured on an as-needed basis.

Countries Goods Procured From

Of the product suppliers, ninety-five percent (95%) are from Canada and five percent (5%) are from the United States of America. According to the two indices noted above, both of these countries have been identified as a source countries that have a lower inherent risk of using both child and/or forced labour.

CRI procures goods from vendors that are based in European countries, however, the total purchase amounts with these vendors is immaterial and comprises less than 1% of CRI's total supplier spending. It is unknown to API and CRI where these vendors purchase their goods/materials from, which could expose the supply chain to inherent risk related to originating source countries.

Remediation of Forced & Child Labour and Vulnerable Family Income Loss

API is in the process of understanding and evaluating supply chain risks related to child labour and forced labour. To date, API has not identified instances of the use of child labour or forced labour within their operations or those of suppliers. API is continuing to review procurement practices to enhance the rigor of due diligence processes including raising awareness with our suppliers.

Awareness Training

API incorporates training for all new employees on maintaining respectful workplaces. This training does not currently include the topic of child labour or forced labour.

The onboarding process for new employees includes reviewing the API Onboarding Presentation as well as the Employee Policy Manual to ensure new hires understand API's standards and expectations. Sections within this relevant to child labour and forced labour include code of conduct and ethical business practices, human rights and respectful workplace policy and complaint resolution. All temporary foreign workers are provided specific documentation as part of their employment requirements, along with resources provided to them in their mother tongue.

API recognizes the opportunity to enhance employee training relevant to this Act and will be evaluating staff training in the future.

Assessing Effectiveness

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

API Activities:

1. Total harassment incidents: API has zero tolerance for workplace harassment. All claims made regarding harassment will be reported to the direct manager or Human Resources, including a thorough investigation and action plan to resolve the issue in a timely manner.
2. Conduct and behaviour incidents: API has zero tolerance for inappropriate conduct and behaviours. All claims made regarding this will be reported to appropriate authorities, including an action plan to resolve the issue in a timely manner.
3. Employee training: API will continue to track employee training completion metrics to ensure the completeness of mandatory courses.
4. Governance: API will continue to monitor and assess compliance with the Employee Policy Manual and review identified policies on an as-needed basis.

Supplier Activities:

1. Supplier Agreements: API has identified the opportunity to implement a clause within supplier agreements regarding zero tolerance for child labour and forced labour. This clause will identify the outcome or, disciplinary action should an instance of child or forced labour be reported or discovered by API.
2. Supplier questionnaire: A phased-in approach will be adopted to have new and existing suppliers complete a Supplier Questionnaire which will include specific questions regarding child and forced labour. This phased approach will begin with the largest suppliers first and will continue across the full supply chain within a reasonable time period. For each questionnaire submitted, API will collect responses in a centralized system, to understand how the risk of child

labour or forced labour affects suppliers.

3. Supplier monitoring: Key suppliers of API will be monitored on an annual basis, either through performance reviews or onsite visits. Record keeping for frequency of reviews and date of last review is kept in a centralized system to ensure these reviews are being performed.
4. Governance: Each parameter of supplier activities will be reviewed on an as-needed basis.

Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

API has taken the following steps to prevent and reduce the risk of child labour or forced labour:

1. Mapping supply chains: As part of this report, API has mapped the supply chain to complete a risk assessment to align with the Act.
2. 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, API has identified risks within their activities and supply chain that have inherent risks of child labour and/or forced labour.
3. Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: As part of this report, API assesses the risks associated with the goods procured against global forced and child labour benchmarks and indices.
4. Developing and implementing an action plan for addressing forced labour and/or child labour: API has identified the need to develop an action plan to address emerging risks in our supply chain.
5. Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour: Remediation efforts relating to due diligence mechanisms in place have been identified, to reduce the risk of child labour and/or forced labour within the supply chain.
6. Developing and implementing training and awareness materials on forced labour and/or child labour: API has identified the opportunity to develop employee training relevant to child labour and/or forced labour.
7. Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily: Human resources checks new employee information to ensure they are legally permitted to work at API. Future checks will evaluate additional aspects of the recruitment process.

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.

Mike Bannister	
Full Name	**Signature**
Chair of the Board, Country Ribbon Inc.	May 30, 2024
Title	**Date**

I have the authority to bind *Atlantic Poultry Inc.* and this report covers financial year *2023* and applies to *Atlantic Poultry Inc.* and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of *Atlantic Poultry Inc.* if they apply.