

L. H. Gray & Son

REPORT: FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

Calendar Year 2023

This report jointly covers the following L. H. Gray & Son Ltd. related entities:

EggSolutions-Vanderpols Inc.

Global Egg Corporation

Golden Valley Foods Ltd.

Gray Ridge Eggs Inc.

L. H. Gray & Son Ltd.

Perth County Ingredients Inc.

Sparks Eggs, a division of Golden Valley Foods Ltd.

INTRODUCTION

At L.H. Gray & Son Ltd. (“L.H. Gray”), we live by a mission, vision and values that speaks to our commitment to sustainability through ethical resource management. Child labour, coerced labour, and/or forced labour is strictly prohibited within our operations and is not condoned among our suppliers.

To mitigate risks within our business units, we adhere to the following ethical employment standards:

- Employees have chosen employment freely.
- Freedom of association and the right to collective bargaining.
- Working conditions are safe and hygienic.
- Child labour is not permitted.
- A fair and legal wage is paid to all employees.
- Working hours are not excessive and comply with National and Provincial laws.
- Discrimination is not tolerated in our hiring or contracting procedures.
- Regular scheduled employment is provided to all employees.
- Inhumane or harsh treatment of employees, contractors, and/or vendors is not tolerated.

This report has been published in response to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”)*. It outlines the steps taken to prevent and/or reduce the risk that forced, or child labour is used by L.H. Gray, its related companies, and within its supply chain during the 2023 calendar year.

STEPS TAKEN TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR

L.H. Gray has developed organizational values and business practices that reflect our commitment to operating ethically and in a socially compliant manner. As a leader in the egg grading and processing industry, we recognize our responsibility to prevent and reduce the risks of forced and child labour. We expect our business partners and suppliers to exhibit the same ethical business practices.

In 2023, we observed the following practices to prevent and reduce the risk of forced labour and child labour within our operations and supply chain.

- Conducting internal assessment of risks of forced labour and/or child labour in the organization’s activities and supply chains.
- Developing and implementing an action plan for addressing forced labour and/or child labour.
- Regular review of our organizational Code of Conduct, policies, and procedures relating to workplace behaviour and freely chosen employment.
- Regular refresher training with our employees relating to our Code of Conduct, policies, and procedures.

- Delivery of a diversity, equity, and inclusion survey. Implemented related training, and action plans to further support DEI within our operations.
- Delivery of our leadership learning program.
- Development of facility-specific occupational health and safety management systems; achieving Certificate of Recognition (COR) at several of our facilities.
- Adherence to our vigorous recruitment and onboarding practices validating age of employment eligibility, ID verification, hours of work/rest, workplace behaviour, and occupational health and safety management system.
- Scheduling and facilitating various third-party social compliance audits throughout the organization.
- Provision of a confidential EAP (Employee Assistance Program) for all employees and members of their household.
- Annual review of our food safety program and practices; accreditations with SFCR and GFSI.

In 2024, we have begun facilitating social compliance training for all employees including awareness and prevention of forced and child labour. In addition, we have implemented a national business practice policy in keeping with the guidelines from the Ethical Trading Initiative.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Structure

L.H. Gray is a leading player in the egg and egg products industry, drawing upon decades of industry experience offering a comprehensive range of brands including but not limited to Gray Ridge Egg Farms, Conestoga Farms, Farmers Finest, Sparks Eggs, Golden Valley Eggs, Global Egg, Egg Solutions, and Perth County Ingredients. Headquartered in Strathroy, Ontario, our operations are span across Canada with locations in Ontario, Alberta, and British Columbia. We employ approximately 1,500 valued employees engaged in various aspects of our business including agriculture, egg grading, and egg processing.

Activities and Supply Chain

Our company's operations include agriculture, food processing, and further prepared food processing facilities. We pride ourselves on supplying locally sourced, healthy eggs and egg products to Canadians. Our products are sold through retail, wholesale, and food service providers. Our suppliers provide farm fresh eggs, packaging materials, processing machinery, and other food processing related goods and services. Our suppliers are located primarily within North America.

Our purchasing activities are highly concentrated. The vast majority of our purchases fall under two categories: eggs and packaging material. Municipal utilities and government agencies, subject to extensive government regulations, each contribute approximately 1%. In total, approximately 90% of our purchases are sourced from this concentrated group of vendors.

To enhance our sourcing process in 2024, we have developed a comprehensive supplier approval questionnaire and scorecard identifying the potential risk of, and mitigation strategies regarding forced labour and child labour. We are committed to adhere to the highest level of ethical business practices, and follow sourcing processes that identify and monitors areas in our supply chain where there may be a risk of forced and/or child labour.

POLICIES AND DUE DILIGENCE PROCESSES

Ethical business operations are the core of our organizational mission, vision, and values. We believe that innovative and successful businesses are run with the best interests of our community, employees, customers, suppliers, and stakeholders in mind. Recognizing and respecting human rights is the responsibility of all employees and is a shared practice throughout our organization.

Code of Conduct and Workplace Behaviour Policy

The purpose of our Code of Conduct is to leverage our organizational values and ensure an ethical workplace by providing guidance on the principles, standards, and responsibilities of conduct for all employees. We believe that it is essential for all employees to expand their understanding of the legal and social issues that arise in the work environment and communicate that understanding to others where appropriate.

All employees are expected to adhere to our Workplace Behaviour Policy defining guidelines for ethical workplace practices. This policy stipulates expectations as they relate to violence, harassment, bullying, and discrimination. Under these policies, our organization outlines our expectations and the potential adverse impacts of noncompliance on our employee, operations, and business relationships.

In addition, we clearly define prevention, reporting, and investigation procedures as well as protection from retaliation and/or reprisal against individuals acting in good faith in reporting breaches of conduct. All employees are expected to report any suspected breaches of conduct to human resources immediately. Reports are taken seriously and investigated with the utmost of confidentiality. Further, a third-party employee assistance program provides additional support for those in need of additional support. Our organization has a zero-tolerance policy for actions that violate the law or demonstrate unethical business practices, including forced labour and child labour.

To enhance our written social compliance program in 2024, a national Ethical Business Practices Policy has been developed and will be implemented across all facilities within our organization.

Additional Policies

Complementing the Code of Conduct and Workplace Behaviour Policy, our organization has implemented several additional human resources, food safety, and health and safety policies and procedures that speak to our commitment to ethical business practices as recommended by guiding authorities such as the Ethical Trading Initiative.

RISK ASSESSMENT & RISK MANAGEMENT

In 2023 L.H. began to assess our supply chain for risks of forced and child labour. While we have yet to identify any instances of forced or child labour, we recognize that there may be areas within our supply chain where these practices exist.

Our customers regularly initiate social compliance audits within our operations. Social compliance audits set out to ensure that we are protecting the health, rights and safety of our employees and contractors. We welcome these audits as an opportunity to continually improve. In 2024, we are committed to broadening the scope of our social compliance understanding to include internal assessments of all operations and expansive supplier assessments that specifically seek to prevent forced and child labour.

Should we identify instances of forced or child labour in our supply chain, we will educate our suppliers on the issues identified and where appropriate support them in resolving the issues and to better align with L.H. Gray values. If we are unable to reach a satisfactory resolution to the issues identified, we are prepared to suspend and/or terminate business relationships to remain values consistent.

FORCED OR CHILD LABOUR REMEDIATION MEASURES

No instances of forced or child labour have been reported or identified within our operations or supply chain.

MEASURES TAKEN TO REMEDIATE THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES THAT RESULTS FROM MEASURES TAKEN TO ELIMINATE THE USE OF FORCED OR CHILD LABOUR

No instances of loss of income to vulnerable families related to measures taken to eliminate the use of forced or child labour have been reported or identified within our operations or supply chain.

EMPLOYEE TRAINING ON FORCED LABOUR AND/OR CHILD LABOUR

Respectful dialogue and transparent communication are among our organizational values. We live these values by providing comprehensive on-boarding and annual learning programs for all employees. These programs include training surrounding our values, Code of Conduct, Workplace Behaviour Policy as well as other supporting policies from our human resources, food safety, and health and safety teams. Employees participate in the learning programs and acknowledge their understanding and adherence.

In addition, we provide leadership development opportunities that leverage our initiatives of being a top employer with a focus on ethical supply chain management. In 2022 we introduced our “Leadership Learning Program” in support of leadership development, and in 2023 we developed a series of diversity, equity, and inclusion training modules for all employees.

To enhance our commitment to ethical training initiatives in 2024, a module surrounding the Ethical Trading Initiative Base Code has been developed and will be provided for all employees.

ASSESSING EFFECTIVENESS OF POLICIES AND PROCEDURES

To measure and track our efforts in reducing and preventing risks of forced and child labour in our activities and supply chains, we have taken the following actions:

- Implementation of robust health and safety management systems throughout our facilities with annual review processes in place.
- Annual review of our food safety program and practices; accreditations with SFCR and GFSI.
- Regular review of our Code of Conduct.
- Regular formal acknowledgement of our Code of Conduct by all employees.
- Leadership training and ongoing development through our “Leadership Learning Program”.
- Partnering with an external organization to conduct an independent review of our actions through customer initiated social compliance audits where applicable.

To further enhance our assessment practices in 2024, we have begun implementation of the following actions:

- Implementation of a company-wide (national) Ethical Business Practice Policy.
- Regular auditing of our social compliance initiatives and procedures as they relate to forced and child labour.
- Learning and development programs for all staff members surrounding the ETI (Ethical Trading Initiative) Base Code.
- Enhanced auditing practices surrounding contracted staffing agencies.
- Robust auditing processes of existing suppliers and potential new suppliers.

CONCLUSION

Our organizational values form the foundation of our business practices.

- They speak to our commitment to provide a respectfully inclusive and evolving environment where through respectful dialogue and transparent communication every employee’s voice is heard.

- They outline our commitment to fostering a safety conscious and diverse culture that emphasizes the importance of upholding human rights principles throughout our operations. This is evident in our Code of Conduct, Workplace Behaviour Policy, and Occupational Health and Safety Management Systems.
- They describe a continuous learning and improvement culture that propels us to review our policies, procedures, systems, and business practices regularly, in search of innovative opportunities for improvement.
- They illustrate an environment where sustainability through ethical resource management provides a filter for our decision-making processes.

These are the values we live by. As we move forward, we are dedicated to consistently exemplifying our values in our pursuit of the prevention of forced and child labour within our businesses and supply chain.

APPROVAL AND ATTESTATION

Reporting year: 2023

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.

Scott Brookshaw

Scott Brookshaw, Executive Vice President

I have the authority to bind L.H. Gray & Son Ltd.

5/29/24

Date