

Cover Page

Title: *Report on the Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains*
May 31, 2024

Context

SCOTLAND AGROMART LTD. produces its report in accordance with the Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains (the "Law"). The Act came into force on January 1, 2024.

SCOTLAND AGROMART LTD. is a "reporting entity" within the meaning of the Act, as it meets the criteria relating to commercial presence and size.

The purpose of this report is therefore to present the measures taken by SCOTLAND AGROMART LTD. to prevent and reduce the risks of forced labour and child labour in its supply chains, and to outline those that have been or will be implemented.

This report covers SCOTLAND AGROMART LTD. fiscal year 2022-2023.

Measures Taken to Prevent & Reduce the Risk of Forced Labour & Child Labour

SCOTLAND AGROMART LTD. with its joint venture business partner Sollio Agriculture, a subsidiary of Sollio Groupe Coopératif, have taken or will be taking the following measures to prevent and reduce the risk of forced labour and child labour.

Sollio Groupe Coopératif's mission is to feed the world, ensure the prosperity of farming families and guarantee a sustainable future for future generations. It is this mission that inspires the organization's corporate responsibility strategy.

To meet the challenges facing the cooperative, Sollio Groupe Coopératif has adopted a number of sound governance measures over the years. These include an ethics program aimed at creating a healthy and trustworthy business and working environment, an environmental compliance policy with sustainable development objectives, an integrated risk management policy to meet the complex demands of an ever-changing world, staff training programs and many other measures. These various programs are regularly updated and respect the spirit and letter of the laws governing the cooperative, including the values underlying the Forced Labour and Child Labour Act.

The adoption of the Act, however, served as an impetus for Sollio Groupe Coopératif to accelerate its reflection on its business practices. Since then, Sollio has embarked on a vast project to evaluate its practices and identify the risks associated with the use of forced or child labour in its supply chains. The aim of this project is to draw up a portrait of the current situation and determine the actions to be taken to prevent and further mitigate these risks.

This analysis has identified a few avenues for improvement in organizational policies and business processes to combat forced and child labour. Over the coming year, Sollio's various divisions intend to give priority to the following measures:

- Development of a framework policy for responsible and cooperative purchasing, bringing together the principles and directives that will enable the various Group entities to guide their decisions in evaluating and selecting the products and suppliers with which they do business. This policy framework will guide the development and evolution of the divisions' procurement policies.

- Update of Sollio and its divisions' integrated risk management methodology to address the risk of forced and child labour in its supply chains.
- Continued deployment of the ethics alert system within all Sollio divisions, extending its implementation to external stakeholders.
- Integration of the requirements of the law on forced labour and child labour into staff training programs.

These and other measures are explained in greater detail in section d).

a- Structure, Activities & Supply Chain

SCOTLAND AGROMART LTD. is a joint venture business partner with Sollio Agriculture, a subsidiary of Sollio Groupe Coopératif.

Sollio Groupe Coopératif is owned by more than 120,000 members, agricultural producers, and consumers, grouped together in forty-eight traditional and consumer agricultural cooperatives. These cooperatives are well established in their respective communities and contribute to Sollio's stability and strength. Sollio's role is to support its member cooperatives in their business and in their own mission, namely, to energize the regional economy.

Since 1922, growing, raising, producing, transforming, and building tomorrow's economy have been part of the DNA of Sollio's 16,000 employees.

Sollio operates through three divisions: Sollio Agriculture, Sollio Détail, under the Groupe BMR banners, and Sollio Alimentation, under the Olymel banners. Sollio's three divisions work together to ensure the prosperity and sustainability of the cooperative network's members.

Sollio Agriculture - Canadian leader in the agricultural sector, specializing in the supply of agricultural inputs and value-added agronomic services for producers, cooperatives, and partners.

Sollio Agriculture supplies the Agrocentre, Agrico and Agromart retail networks, as well as the cooperatives in the Sollio network in Quebec and the Atlantic provinces. It produces and markets Maizex seeds and F. Ménard animal feed products.

With some 355 facilities across Canada (retailers, feed mills, elevators, marine terminals, poultry farms and hatcheries, research farms), Sollio Agriculture is the largest agricultural network in Canada. Sollio Agriculture benefits from the synergy between three sectors: animal production, crop production and grain marketing.

Sollio Agriculture had sales of \$2.8 billion for the fiscal year ending October 30, 2023. Approximately 98% of its distribution is in Canada, with the remainder exported to the United States.

Sollio Agriculture sources its agricultural inputs, notably fertilizers and grains, from suppliers mainly in Canada, but also abroad for fertilizers. Imports come mainly from the United States, Europe (France, Germany, Belgium, Netherlands), Asia (China, Malaysia), North Africa (Morocco, Algeria), the Middle East, Lithuania, Turkmenistan, and Trinidad.

b- Due Diligence Policies & Processes

SCOTLAND AGROMART LTD. due diligence policies and processes are designed to provide a framework for relations with its suppliers and business partners, with the aim of maintaining healthy, harmonious, respectful, and mutually beneficial relationships.

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

- *Employee code of conduct* – SCOTLAND AGROMART LTD. has implemented a code of conduct for its employees. This is a reference tool that includes mutual commitments between the organization and its employees. This tool aims to facilitate employees' work, guide their decision-making and support the expression of its values.

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

- *Responsible and cooperative purchasing framework policy* - One of the action plans considered by SCOTLAND AGROMART LTD.'s Corporate Responsibility policy is to develop and deploy a responsible and cooperative purchasing framework policy. This policy will bring together the principles and guidelines that will guide in the evaluation and selection of products and suppliers. This policy, which will be developed by our joint venture partner (Sollio Agriculture), should provide guidance, and serve as a reference for entities where Sollio has a majority share in the development of procurement policies.
- *Supplier code of conduct* – SCOTLAND AGROMART LTD. will adopt Sollio Agriculture's supplier code of conduct, once completed - with reference to forced labour and child labour. This code will apply to both Canadian and foreign suppliers.
- *Strategic suppliers* –SCOTLAND AGROMART LTD.'s approach is to develop partnerships with its strategic suppliers.
- *Procurement Policy* – SCOTLAND AGROMART LTD. is working with Sollio Agriculture to develop a Strategic Procurement Policy. This policy is scheduled to come into effect by the end of 2024. Although this policy explicitly mentions the need to respect human and labour rights, it will be enhanced to specify, in the supplier code of conduct, that human and labour rights include forced and child labour.

c- Risk or Forced Labour & Child Labour

SCOTLAND AGROMART LTD. is aware that there is an inherent risk of labour exploitation in supply chains in several countries, particularly in the agricultural, food and retail sectors, at all levels of the supply chain, from production and processing to packaging and transport. The diversity and breadth of SCOTLAND AGROMART LTD. supply network means that these risks are of concern. SCOTLAND AGROMART LTD. and its joint venture partner (Sollio Agriculture) understand that they can contribute to positive change in the communities in which they operate.

d- Remedial Measures

SCOTLAND AGROMART LTD. will enforce similar remedial measures in place at Sollio Agriculture that enable the cooperative to identify cases of forced or child labour. However, in order to systematize the risk identification and assessment process, Sollio Agriculture will draw up a roadmap aimed at listing the potential risks of forced labour or child labour that the organization may face. This roadmap will include, where appropriate, remedial measures should any cases of forced or child labour be identified.

e- Compensation for Loss of Earnings

No remediation measures for loss of income have been put in place at this time, as the mechanisms for accurately identifying cases of forced or child labour are not currently in place. The roadmap to be drawn up will include, if appropriate, measures to remedy the loss of income of the most vulnerable families caused by any action the cooperative might take to eliminate the use of forced or child labour at one of its suppliers.

f- Training

To date, the Board of Directors of SCOTLAND AGROMART LTD., as well as certain members of the group's staff directly affected by this issue, have been informed of the requirements of the law and the Agromart's obligations in this respect. In the medium term, SCOTLAND AGROMART LTD. will utilize Sollio Agriculture's resources to develop a training and awareness-raising plan that will focus on forced labour and child labour.

To create a healthy, value-creating, and trustworthy working environment, SCOTLAND AGROMART LTD. already has a program covering the Agromart's ethics and values. This program includes a code of conduct for employees.

g- Evaluation of Effectiveness

Mechanisms to combat forced labour and child labour within SCOTLAND AGROMART LTD. and Sollio Agriculture are still under development. As a result, there are yet no effectiveness evaluation measures in place for these initiatives.

The roadmap to be developed will include the establishment of an effectiveness evaluation mechanism to monitor and measure progress in the fight against forced and child labour within the cooperative.

Certification

This report has been approved by the Board of Directors of SCOTLAND AGROMART LTD.

In accordance with the requirements of the Act, and in particular section 11 thereof, I certify that I have examined the information contained in the report for the entity or entities listed above. To the best of my knowledge, and having exercised due 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 reporting year referred to above.

Braden Cronmiller

Name

General Manager

Title

Date

Signature

I have the power to bind SCOTLAND AGROMART LTD.