

# 2023 Modern Slavery Report

## 1. Introduction

This report (the “Report”), prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Act”), pertains to Integrated Grain Processors Co-operative Inc. (the “Parent”) and its wholly-owned subsidiary IGPC Ethanol Inc. (“IGPC” and together with the Parent, the “Corporation”, “us” or “we”).

The above-mentioned entities hereby report to the Minister of Public Safety and Emergency Preparedness on the steps taken during the financial year ended September 30<sup>th</sup>, 2023 (the “Reporting Period”) 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 Corporation or of goods imported into Canada or exported outside of Canada by the Corporation.

## 2. Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

The Corporation is committed to conducting business with integrity and in accordance with applicable laws and regulations. We consider the respect of human rights to be a fundamental corporate responsibility and a value governing all our activities. We place the highest importance on respecting human rights while conducting our business activities and we expect the same of our business partners.

The Corporation has undertaken the following foundational work to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

- Implemented procedures to regularly track the potential sustainability-related risks that are shaping our operating environment and developed and implemented strategies to monitor its performance.
- Developed a Code of Conduct Policy which promotes ethical conduct in our work environment, business practices and relationships with external stakeholders.
- Delegated to the Governance Committee oversight over corporate social responsibility and disclosure as well as the responsibility for monitoring and ensuring compliance with the Corporation’s Code of Conduct Policy.
- Developed an Integrity Assurance and Whistleblower Policy (the “**Whistleblower Policy**”) to provide a formal process for raising concerns and investigating legal or ethical breaches of conduct by anyone associated with the Corporation.
- Implemented an onboarding training package which includes training on our Code of Conduct Policy and Whistleblower Policies.

After the Reporting Period, the Corporation also developed a Human Rights Statement which affirms the Corporation’s mandate not to tolerate or engage in the use of child or forced labour, slavery or human trafficking in any of the Corporation’s operations. The Human Rights Statement requires that the Corporation’s business partners uphold the same standards.

Details of these actions are set out in the Report.



### 3. Structure, Activities and Supply Chains

The Parent is a co-operative incorporated under the *Co-Operative Corporations Act* (Ontario) and is one of the largest agricultural co-operatives in Ontario with 492 members. Membership in the Parent is open to all Ontario corn producers, other grain producers, and community members, subject to approval by the Board of Directors. The majority of members currently reside in Southwestern Ontario.

Integrated Grain Processors Co-operative Inc. is the parent holding company of IGPC Ethanol Inc. and 100% of the outstanding equity of said company. The Co-operative acts solely as a holding company, and does not otherwise carry out active business activities, leaving the following responses for IGPC Ethanol Inc. to apply for both entities.

Through its wholly owned subsidiary IGPC, a corporation incorporated under the *Business Corporations Act* (Ontario), the Parent owns and operates a fuel ethanol production facility with 88 employees located in Aylmer, Ontario (the "Plant"). During the Reporting Period, the Plant utilized approximately 35.4 million bushels of corn, representing approximately 9.4% of Ontario's 2023 corn production, and manufactured and sold approximately:

- (a) 389 million litres of fuel ethanol;
- (b) 334,000 metric tonnes of distillers dried grains with solubles and other distillers co-products;
- (c) 13,300 metric tonnes of corn oil, and
- (d) 94,500 metric tonnes of carbon dioxide.

IGPC has entered into various agreements which are integral to the successful operation of the Plant, including agreements for the licensing of the Plant technology, the sale, marketing and/or distribution of ethanol, as well as an agreement for the procurement of corn.

The fuel ethanol which is produced at the Plant serves as an oxygenate for gasoline which enhances the octane rating and reduces greenhouse gas emissions, harmful tailpipe emissions of carbon monoxide, and other toxic components of gasoline sold in Ontario. Ethanol-blended gasoline in Ontario typically contains 10% ethanol.

Distillers' grains are the products that remain after high quality cereals have been fermented by yeast. In the fermentation process, nearly all of the starch in the grain is converted to ethanol and carbon dioxide, while the remaining nutrients are concentrated to yield distiller wet grains. Through various blending and drying processes, numerous high protein and energy ingredients are produced as competitive livestock feed ingredients for dairy and beef cattle, hogs, and poultry.

A large percentage of the corn oil produced by the Plant is sold to biodiesel or renewable diesel plants in the United States while approximately 40% of the total recoverable carbon dioxide produced by the Plant is currently captured and marketed through Air Liquide in Ontario.



## **4. Policies, Governance and Due Diligence Processes**

### **4.1 Governance**

The Corporation embeds responsible business conduct and human rights considerations into its policies, management systems, governance framework and decision-making. We regularly track the potential sustainability-related risks that are shaping our operating environment and continuously develop and implement strategies to monitor its performance. The Board of Directors has delegated to its Governance Committee oversight over corporate social responsibility and disclosure as well as the responsibility of monitoring and ensuring compliance with the Corporation's Code of Conduct Policy.

In accordance with the Corporation's Whistleblower Policy, upon disclosure of an alleged breach or violation of legal or ethical conduct, the person to whom the disclosure has been made is required to inform the Chief Executive Officer of IGPC or, if the allegation concerns the Chief Executive Officer, the Chair of the Executive Committee or the Chair of the Board. In the event of an alleged breach of a prudential, financial reporting or other regulatory obligation of the Corporation, disclosure shall also be made to the Chair of the Audit Committee. The Board is to be promptly notified by the Chief Executive Officer, the Chair of the Audit Committee or Executive Committee of any such allegation. The allegation will be investigated and a report on the findings of the investigation will be provided to the Executive Committee, and where appropriate, the Audit Committee. The Executive Committee or Audit Committee, as applicable, will review the report and provide a recommendation for the Board to either accept the report and its recommendations for remedial actions or propose an alternative course of action.

The Corporation reports annually on its performance and targets for the subsequent year.

The Corporation is currently in the process of developing and implementing an action plan for addressing forced labour and child labour as well as due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and child labour in the organization's activities and supply chains.

The Report can be found on our website at: <https://www.igpc.ca>

### **4.2 Human Rights Statement**

In furtherance of the Corporation's commitment to upholding human rights, our Human Rights Statement enforces the Corporation's mandate to combat the use of child or forced labour, slavery or human trafficking. Our Human Rights Statement affirms our position not to tolerate or engage in the exploitation of children, or the trafficking, physical punishment, abuse or involuntary servitude of any worker. Further, IGPC will not tolerate the recruitment, transportation, transfer, harboring or receipt of people through force, fraud or deception with the aim of exploiting them for profit in any shape or form. IGPC business partners are required to uphold the same standards.

The Corporation prohibits employing workers younger than sixteen (16) years of age or otherwise below the minimum age prescribed by applicable laws, whichever is higher, and we prohibit employing workers younger than eighteen (18) years of age for any hazardous tasks.



Our Human Rights Statement instructs all members of our organization to cooperate with law enforcement to address any observed or suspected instances of child or forced labour, slavery or human trafficking in the conduct of the Corporation's business.

#### **4.3 Code of Conduct Policy**

Our Code of Conduct Policy applies at all times to all members of the Corporation's community, including the Board of Directors, management and employees at every level. It addresses ethical conduct in our work environment, business practices and relationships with external stakeholders. The principles set out in the Code of Conduct Policy reflect the Corporation's belief that honesty and integrity foster a positive work environment that strengthens the confidence of all stakeholders. The Code of Conduct Policy details the standards of behaviour expected from everyone to whom it applies in their daily activities and in dealings with others. It also outlines the key responsibilities of the Corporation's leaders who are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code of Conduct Policy.

The Code of Conduct Policy encourages whistleblowing in the context of ensuring that all of the Corporation's employees and contractors, suppliers and all other individuals acting on behalf of the Corporation exhibit the Corporation's values as well as the utmost honesty, objectivity, care and responsibility.

#### **4.4 Whistleblower Policy**

The intent of our Whistleblower Policy is to ensure that persons who have concerns about the Corporation's potential non-compliance with legal, regulatory or ethical standards can raise their concerns freely either internally or externally, and that such persons are not victimized for raising these concerns. The Corporation and its Board are committed to investigating and addressing any legal or ethical breaches of conduct by anyone associated with the Corporation, and anyone who becomes aware of a potential breach is strongly encouraged to bring their concerns to the immediate attention of trusted management, directors, auditors, or legal counsel of the Corporation.

Our Whistleblower Policy provides protections for persons who raise concerns, including ensuring that the identity of the person disclosing such concerns is kept secret during the course of any investigation and until the outcome is made public, and using best efforts to protect the discloser from exposure, harm or damage. The Whistleblower Policy forbids any member of the Corporation from acting in a way that penalizes, victimizes or that can be reasonably construed as penalizing any person who has made a disclosure or intends to make a protected disclosure under the Whistleblower Policy. Further, a disclosing party is provided with the option to disclose anonymously.

A disclosure will be investigated promptly, vigorously and discreetly in a fair and unbiased manner. The investigator will keep detailed records of all interviews conducted and all records reviewed during the investigation and prepare a report. The Executive Committee or Audit Committee, as applicable, will review the report and providing a recommendation for the Board to either accept the report and its recommendations for remedial actions or propose an alternative course of action.

#### **4.5 Suppliers**

In line with the Corporation's vision for its suppliers, our expectations of suppliers in respect of forced labour and child labour include the following:

- **Child labour:** The Corporation will not engage in nor support the use of child labour and will not tolerate the use of child labour at any level in its supply chain. Child labour, as defined in the Act, generally means labour or services provided or offered to persons under the age of eighteen (18) years of age that are: (i) provided contrary to applicable laws; (ii) provided under circumstances that are mentally, physically, socially or morally dangerous; (iii) interfere with the child's schooling; or (iv) constitute the worst forms of child labour as defined by the *Worst Forms of Child Labour Convention, 1999*.
- **Forced labour / Modern slavery / Human trafficking:** The Corporation will not engage in any form of human trafficking or use any type of forced labour or modern slavery, nor will it tolerate their use at any level in its supply chain. Suppliers must not demand any work or service from any person under the menace of any penalty. For example, suppliers' employees (regardless of their employment status) must be free to leave work or terminate their employment with reasonable notice, and they must not be required to surrender any government issued identification, passports or work permits as a condition of employment.

#### **4.6 Third Party Due Diligence**

While improving operational efficiency, we intend to strengthen our processes to reduce risks related to forced and child labour. In line with our due diligence, our supply chain organization intends to apply a risk assessment procedure prior to engaging with new suppliers and conduct reviews based on their operational risk framework.

### **5. Assessing and Managing Our Risk**

The Corporation's greatest risk exposure to forced labour and child labour is through its suppliers. The Corporation intends to use a risk-based approach to assess and manage its risk of forced labour and child labour. Our approach is expected to help us prioritize our efforts and adjust our actions. Our methodology to identify risks in our supply chain will combine notably country risk indicators and the type of products and services offered by the supplier. A resulting risk score will determine the level of additional due diligence to be performed, including with respect to forced and child labour, and the extent of ongoing monitoring and frequency of review required.

Our methodology to identify risks will be based on:

1. whether the supplier is headquartered, or its manufacturing sites are located, in countries that have a low score on the corruption perception index and/or that are at risk according to the global slavery index based on the products they supply to the Corporation;
2. whether the products/services come from or are delivered to one of the countries mentioned above;
3. whether the Corporation is supplied with certain indirect goods and services; and
4. if the products offered by the supplier to the Corporation include raw materials.

The Corporation also intends to implement a monitoring solution that detects global events that could potentially have an impact on its supply chain. This real-time solution is expected to allow the Corporation to increase the visibility of its supply chain, to monitor activity around the world that may disrupt or affect operations, and to be more proactive when dealing with risks. Events that will be monitored will include notably natural disasters, labour disruptions, cyberattacks, financial and geopolitical risks.

## 6. Remediation Measures

As of the date of this Report, we have not identified any instances of forced labour or child labour in our activities or supply chain. Our whistleblowing reporting mechanism will be used for our employees and suppliers to report ethical or legal violations, among other concerns. If a situation of non-compliance is identified, the Corporation will work to develop and implement a corrective plan to remedy the situation and take steps to reduce the risk of future non-compliance.

## 7. Training

The Corporation's employees receive regular tailored training on ethical topics and our policies. All new employees are assigned a mandatory onboarding training package which includes training on our Code of Conduct and Whistleblower Policies. In 2024, the Corporation intends to provide training to targeted audiences that will include child and forced labour.

## 8. Assessing Effectiveness

The Corporation has in place a number of measures to prevent and reduce the risk that forced labour or child labour is used in our activities and supply chains. While we have not yet taken any actions to assess the effectiveness of those actions, the Corporation intends to assess its effectiveness in preventing and reducing risks of forced labour and labour in its activities and supply chains at a later stage.

## 9. Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of the Parent.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this joint report for the entities listed above. Based on my knowledge, and having exercised reasonable 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.

I have the authority to bind Integrated Grain Processors Co-operative Inc.



Per: \_\_\_\_\_

Full Name: Adrian Op't Hoog

Title: Chairman

Integrated Grains Processors Co-operative Inc.

Date: May 31<sup>st</sup>, 2024