

Report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

May 31, 2025



Message from the CEO

On behalf of Sollio Cooperative Group, I am pleased to present the cooperative's second report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act.

The purpose of this report is to inform the Minister of Public Safety of the steps our organization is taking to prevent and reduce the risk of forced labour or child labour being used in our activities and supply chains. The report also provides an update on the improvements that could be made to meet industry best practices and adapt our policies and procedures to prevent and reduce this risk.

Founded over 100 years ago, Sollio Cooperative Group is Canada's largest agricultural cooperative with roots in Québec. The organization leverages that collective strength in service of its mission: to help feed people, ensure prosperity for farming families, and create a sustainable future for everyone.

With its fundamental values of honesty, equity, responsibility and solidarity, Sollio remains true to the spirit of its founders. The organization is proud to be a driving force for economic and social development rooted in rural communities thanks to its 15,000 employees, its network of cooperatives, and its three divisions: Sollio Agriculture, BMR Group and Olymel.

Since 2019, Sollio has taken a structured approach to corporate responsibility that is guided by its mission and grounded by its core values. Central to that approach is a commitment to putting people first and respecting Sollio's cooperative values.

At Sollio Cooperative Group, we apply that approach every day by caring about our stakeholders, valuing local resources, meeting community expectations, and helping to generate collective wealth, all with the aim of creating a sustainable future for everyone.

Forced labour and child labour are a scourge that must be combatted. As the preamble to the Act states, they are forms of modern slavery that violate the basic values of human dignity. They are also contrary to our cooperative values. The coming into force of this law reinforces our responsibility to evaluate and review our policies so as to prevent and mitigate the risks associated with these issues, both in Canada and internationally, in all our activities and supply chains.

This second report provides an update on Sollio Cooperative Group's activities and the steps the organization has taken and plans to take to prevent and reduce the risk of forced labour or child labour being used in its supply chains.

Thank you.



Pascal Houle, CPA
Chief Executive Officer of Sollio Cooperative Group

Introduction

Sollio Cooperative Group (“Sollio,” the “organization,” the “group,” or the “cooperative”) has prepared this second report as required by the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”), which came into force on January 1, 2024. Due to its business presence and size, Sollio is a reporting entity under the Act.

This report provides an update on the steps the organization has taken and plans to take to prevent and reduce the risk of forced labour or child labour being used in its supply chains.

This report covers Sollio’s 2023–2024 fiscal year, which ended on October 26, 2024. It was prepared jointly by the organization and 13 of its subsidiaries that are subject to the Act. These entities are presented in the table below, along with a brief description of the main activities of Sollio’s three divisions.

Sollio Cooperative Group entities included in this joint report		
Divisions	Description	Entities
Sollio Agriculture	Distribution and marketing of farm inputs	Entreprise Agricole AMQ s.e.c. Atlantic Farm Services Inc. Maizex Seeds Inc. Sollio Agriculture Livestock Production – Western Canada Ltd. Sollio Agriculture L.P.
BMR Group	Distribution and marketing of hardware products and building materials	BMR Group Inc. Les Distributions B.M.B. (1985) s.e.c
Olymel	Swine farming and pork and poultry processing and marketing	Olymel L.P. OlySky Limited Partnership ATRAHAN Transformation Inc. Olynorth Farms L.P. Pinty’s Delicious Foods Inc. OlyPork Limited Partnership

Steps taken to prevent and reduce the risk of forced labour and child labour

Rooted in rural communities and using its collective strength, Sollio Cooperative Group helps feed people, ensure prosperity for farming families, and create a sustainable future for everyone. That mission guides the cooperative's corporate responsibility strategy.

To meet the challenges it faces, Sollio has adopted numerous sound governance measures over the years. These include an ethics program aimed at creating a healthy, trustworthy business and work environment, an environmental compliance policy with sustainable development goals, an integrated risk management policy to meet the complex demands of an ever-changing world, and staff training programs.

These regularly updated measures are part of Sollio's efforts to remain compliant with all applicable laws—including the Fighting Against Forced Labour and Child Labour in Supply Chains Act—and aligned with its own core cooperative values.

Building on the work begun last year, Sollio has continued to assess its business practices in order to identify the risks of forced and child labour being used in its supply chains. Through this process, opportunities to improve a number of internal policies and processes have been identified, with the end goal of making Sollio's practices even more responsible.

Since the 2024 report, the group has:

- **Made significant progress on its framework policy for responsible and cooperative sourcing.** The policy is set to be implemented over the coming months. The policy sets out environmental, social, and economic criteria and is based on the results of a risk and opportunity analysis by purchasing category that was conducted with the help of a specialized external firm.
- **Updated the integrated risk management methodology** to include the risks associated with forced and child labour.
- **Continued to roll out the internal ethics reporting system** across all three Sollio divisions.

In the coming year, Sollio and its divisions will focus their efforts on integrating the requirements of the Fighting Against Forced Labour and Child Labour Act into training programs for staff in order to raise internal awareness of the myriad facets of forced and child labour.

A - Organizational structure, activities, and supply chains

Sollio Cooperative Group is the largest Canadian agricultural cooperative with roots in Québec. It is owned by more than 120,000 members, farmers, and consumers across 42 traditional agricultural and consumer cooperatives. These cooperatives are well established in their respective communities and contribute to Sollio's strength and stability. Sollio's role is to help its member cooperatives achieve business success, fulfill their own missions, and strengthen local economies.

The daily tasks of growing, rearing, farming, and processing—and building the economy of tomorrow—have been in Sollio's DNA since 1922. That's just as true for the cooperative's 15,000 employees today.

Sollio Cooperative Group operates through three divisions: Sollio Agriculture, BMR Group, and Olymel. All three work toward the same goal of ensuring the prosperity and long term success of the cooperative's members.

Sollio Agriculture

Sollio Agriculture is Sollio Cooperative Group's agribusiness division and a Canadian leader in the agriculture industry. It specializes in supplying farm inputs and providing value-added services that benefit its farmers, cooperatives and partners. Its business model combines the strength of a local approach with the power of a national presence to deliver innovative products and solutions, promote the adoption of sustainable farming practices, and help local farming families prosper. Sollio Agriculture has a nationwide presence and recorded \$2.51 billion in sales for the 2023–2024 fiscal year.

Sollio Agriculture supplies the Agrocentre, Agrico, and Agromart distribution networks and cooperatives in the Sollio network in Québec and the Atlantic provinces. It produces and markets Maizex Seeds, as well as F. Ménard animal feed products. With more than 300 sites across Canada (retailers, feed mills, grain elevators, port terminals, poultry farms, hatcheries, and research farms), Sollio Agriculture is Canada's largest agricultural network.

Approximately 98% of Sollio Agriculture's products are sold in Canada, with the remainder exported to the United States. The cooperative purchases most of its farm inputs (fertilizer and grain) from Canadian suppliers. Imports are primarily from the United States, Europe (France, Germany, Belgium, the Netherlands), Asia (China, Malaysia), North Africa (Morocco, Algeria), the Middle East, Lithuania, Turkmenistan, and Trinidad.

BMR Group

BMR Group is Sollio Cooperative Group's retail division. It is the leading distributor and marketer of hardware, renovation and retail products, and building materials in Québec.

BMR Group has nearly 300 renovation centres and hardware stores in Québec, Ontario and the Maritimes. It operates under the BMR, Agrizone, Potvin & Bouchard, and Lefebvre & Benoit banners.

BMR's products are sold exclusively in Canada. The group recorded \$1,449 billion in sales for the 2023–2024 fiscal year.

BMR Group sources most of its goods from Canadian suppliers and imports few goods from abroad. Imported goods come mainly from Asia (China), Europe (Germany, Portugal and France) and Turkey.

Olymel

Olymel is Sollio Cooperative Group's food division and a Canadian leader in the production, processing and distribution of pork and poultry products. Olymel's products are made in Canada, with approximately 60% of them going to foreign markets.

Olymel has a total of 23 production and processing facilities, distribution centres, and offices in Canada. Its production and processing facilities (including slaughterhouses, farms, and farrowing facilities) are located in Québec, New Brunswick, Ontario, Saskatchewan, and Alberta. Olymel markets its products primarily under the Olymel, Lafleur, Flamingo, La Fernandière, Pinty's, Tour Eiffel, F. Ménard, Chef Georges, Bilopage, and La Belle Bretagne brands. It recorded \$4,556 billion in sales for the 2023–2024 fiscal year.

Olymel imports few products from outside Canada, primarily from the United States.

B - Policies and due diligence processes

Sollio Cooperative Group has policies and due diligence processes in place to provide a framework for supplier and business partner relationships that helps keep them healthy, harmonious, respectful, and mutually beneficial. Some of Sollio's divisions, particularly BMR Group, have adopted policies and procedures such as commercial agreements and a supplier code of conduct to mitigate the risk of forced labour or child labour being used in their supply chains, while others are drawing up roadmaps with the steps they plan to take in the short, medium, and long term to fight against forced labour and child labour.

The following section provides an overview of the steps each Sollio division has taken, is taking, and plans to take to prevent and reduce the risk of forced labour or child labour. Some of these are common to all three Sollio divisions, while others are specific to each division.

Measures common to all three divisions

A number of cross-divisional measures have now been or are currently being rolled out across the group, including:

- **Ethics reporting system**

As part of their efforts to provide a safe and healthy work environment, Sollio Cooperative Group and its divisions use an independent, anonymous, confidential hotline and reporting system for ethical issues. Employees can use this system to safely and anonymously raise concerns or report unethical behaviour. They can report issues such as violations of the law and raise concerns about health, safety and the environment.

- **Employee code of conduct**

Sollio Cooperative Group now has a code of conduct for its employees. This reference tool sets out the mutual commitments between the organization and its employees, among other things. The tool is designed to support the work of employees, guide their decision-making, and help them express Sollio's values.

Analysis by purchase category:

This analysis is currently being conducted in collaboration with a specialized external firm. It aims to:

- Identify the business sectors and product categories for which we need risk profiles.
- Establish standards for purchase policies, commercial agreements, supplier codes of conduct, the risk management model, and training.
- Create a mapping tool that identifies ESG risks and benefits by purchase category, with the risks including (but not limited to) occupational health and safety risks, human rights, environmental impact, GHG emissions, operational practices, and with the associated benefits including (but not limited to) diversity, equity and inclusion and economic impacts for local communities.
- Create a responsible procurement guide for each purchase category that lists best practices and includes contractual clauses to be used, relevant certifications to be obtained, and any qualitative information needed to characterize the ESG risks and opportunities of each purchase category, among other things.

Responsible procurement policy

This policy, still in the development stage, has made significant progress over the past year.

As the work of the parent company, it will establish clear guiding principles for all of the group's entities in order to:

- Ensure the adoption of responsible procurement practices across the parent company and all three divisions.
- Provide effective guidance for operational due diligence on ethical and reputational issues for suppliers.
- Ensure compliance with applicable laws.
- Ensure the necessary changes are made so that the policy continually reflects the organization's sustainable development priorities and commitments.
- Support other cooperative organizations and do business with them whenever possible.

- **Ethics training**

To foster a healthy work environment that creates value and earns trust, Sollio Cooperative Group has developed a training program that will be deployed in phases in 2025. It will include modules on ethical leadership and responsible workplace behaviour, and will complement existing awareness-raising initiatives.

Sollio Agriculture

- **Strategic suppliers**

Sollio Agriculture's approach is to develop partnerships with its strategic suppliers. To that end, it plans to develop a governance structure for supplier management with an initial group of suppliers in the coming year. The governance system will allow Sollio Agriculture to closely monitor supplier compliance with the Act's terms.

- **Procurement Policy**

Sollio Agriculture has already developed a strategic procurement policy, which is scheduled to come into effect by the end of the 2025 fiscal year. Although the need to respect human and labour rights is explicitly stated in the policy, the supplier code of conduct included in the policy will now specify that human rights and labour rights include freedom from forced labour and child labour.

BMR Group

- **ARENA agreement**

BMR Group signed an agreement with ARENA, a human rights certification organization, in 2023. The agreement covers some of the products imported by BMR Group. ARENA has indicated that it plans to extend the certification 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 supply chains. BSCI members and affiliates, including BMR Group, commit to a code of conduct based on the principles set out by a number of international organizations, including the International Labour Organization and the United Nations (Universal Declaration of Human Rights).

- **The Independent Lumber Dealers Co-operative (ILDC)**

BMR Group joined the ILDC, a buying cooperative, a few years ago. Since December 14, 2023, suppliers that sell their products to ILDC member companies must confirm that their activities comply with the provisions of the Fighting Against Forced Labour and Child Labour in Supply Chains Act.

Olymel

- **Integrated sustainable development program**

When establishing new business partnerships, Olymel plans to emphasize the importance of respecting environmental, social and governance (ESG) principles in order to ensure a sustainable and responsible business relationship. To systematize that process, Olymel completed a materiality analysis to get the views of its stakeholders on ESG issues relevant to the organization, including responsible procurement. Those issues are reflected in Olymel's new supplier code of conduct and in an action plan that has been deployed to monitor progress on all ESG issues relevant to Olymel.

- **Foreign worker recruitment**

Olymel uses foreign workers in its facilities due to the challenges of recruiting locally. To create a healthy and respectful work environment, Olymel has measures in place to collect information about the recruitment of workers and has implemented control measures to ensure that all workers recruited have given their free and informed consent. Olymel has also developed a grievance mechanism.

C - Forced labour and child labour risk

Sollio Cooperative Group recognizes that there is an inherent risk of labour exploitation in supply chains in several countries, particularly in the agriculture, food and retail sectors, at all levels of the supply chain, from production and processing to packaging and shipping. The breadth and diversity of Sollio's supply networks is such that these risks clearly apply to Sollio. The organization also recognizes that it has an opportunity to help drive positive change in the communities where it operates.

Sollio Cooperative Group has an integrated risk management policy to identify, assess and manage the risks associated with the organization's various activities. The policy covers all types of risk, from strategic, operational, and financial risks to those related to human resources, the disclosure of sensitive personal information, the organization's reputation, and regulatory compliance. The policy applies to the parent company and its three divisions (Sollio Agriculture, BMR Group, and Olymel). It was approved by the Board of Directors and is updated periodically, as needed. Every six months, the CEOs of Sollio and of the three divisions report to the Board of Directors on changes in significant risks and on the action plans for their respective organizations

As part of its analysis, Sollio's risk management team identified several risks related to forced labour and child labour. They are addressed in the group's responsible procurement policy, which is currently under development.

These risks include:

- The risk of forced labour in Sollio's facilities (plants, farms, hatcheries, distribution centres, and remote offices)
- The risk associated with hiring foreign workers to work in Sollio facilities, whether the hiring is done by the group's business entities themselves or by recruitment agencies
- The risk of forced labour or child labour being used by Sollio's Canadian suppliers
- The risk of forced labour or child labour being used by Sollio's foreign suppliers, particularly in the most at-risk countries

The risk level and risk trend have been established for each of these risks, and action plans are being developed to mitigate them. These plans may include steps to reduce the risk of forced labour or child labour; a training program for employees and managers, particularly those who make contracting and purchasing decisions; and tools to assess the effectiveness of the steps the cooperative is considering.

Each of Sollio's three divisions also intends to draw up a roadmap with the steps it plans to take in the short, medium, and long term to fight against forced labour and child labour in its activities and supply chains.

That said, given the policies and measures already in place within Sollio's divisions to identify the use of forced labour or child labour, the long-standing business relationships with many of its suppliers, and the experience and work ethic of its managers, Sollio believes, based on its best judgment, that the risk of forced labour or child labour in its activities and supply chains in Canada and abroad is:

- Low for BMR Group and Olymel, since those two divisions distribute their goods exclusively or almost exclusively in Canada and import relatively few or no products from abroad
- Moderate for Sollio Agriculture, which primarily operates in agriculture (a more at-risk sector) and has business relationships in a number of countries around the world

No Sollio manager or staff member has observed forced labour or child labour on the cooperative's premises or on the premises of its suppliers and business partners, and no cases of forced labour or child labour have been brought to their attention.

D - Remediation measures

The cooperative has taken measures to identify cases of forced labour or child labour. An analysis will be conducted to establish the cooperative's risk exposure and guide any future action.

E - Remediation of loss of income

No measures have been taken to remediate any loss of income, since the mechanisms to accurately identify cases of forced labour or child labour are not currently in place.

F - Employee training

Sollio Cooperative Group's board and some members of its staff directly affected by the issue have been informed about the requirements under the Act and the cooperative's resulting obligations.

In the medium term, Sollio Cooperative Group will be creating a training and awareness program for the employees concerned. The program will address the various facets of forced labour and child labour and further their understanding of the individual and corporate responsibilities involved in meeting the group's obligations under the Act.

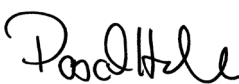
Some of Sollio's divisions already hold information sessions for new employees, covering topics such as the company's history, mission and values, the occupational health and safety rules that apply to their place of work, and the assistance and integration programs available in their area.

G - Effectiveness assessment

Sollio Cooperative Group is in the process of developing mechanisms for fighting against forced labour and child labour within the organization. Consequently, it does not yet have tools and processes in place to measure the effectiveness of its efforts. The roadmap will include an effectiveness assessment tool for monitoring and measuring progress in the fight against forced labour and child labour within the cooperative.

Approval and attestation

This report has been approved by the Board of Directors of Sollio Cooperative Group. In accordance with the requirements of Section 11 of the Act, I attest that I have reviewed the information contained in this report for the entity or entities listed above. To the best of my knowledge, and having exercised due 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.



Pascal Houle, CPA

Chief Executive Officer of Sollio Cooperative Group

May 31, 2025



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