



AG GROWTH INTERNATIONAL INC.

2023 MODERN SLAVERY STATEMENT

**Pursuant to Canada's Fighting Against Forced Labour
and Child Labour in Supply Chains Act (Bill S-211)**

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Introduction

Background

On May 11, 2023, the Government of Canada passed 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", ("Canada's Modern Slavery Act" or "the Act"). Ag Growth International Inc. ("AGI", or "we") meets the criteria to report in accordance with the Act.

Overview

This Modern Slavery Statement has been prepared in accordance with Canada's Modern Slavery Act. This statement covers the steps taken by AGI and our owned/controlled entities to address risks of child and forced labour being used in our operations and supply chains for the period of January 1, 2023, to December 31, 2023. This document also serves as a roadmap on how we intend to address, in 2024 and beyond, the requirements set forth by the Act.

This statement has been approved by AGI's Board of Directors.

Structure, activities and supply chains

AGI is a corporation existing under the Canada Business Corporations Act ("CBCA") and is traded on the Toronto Stock Exchange (AFN.TO). AGI is a leading provider of the equipment and solutions required to support the efficient storage, transport, and processing of food globally.

AGI employs ~5,000 employees worldwide and has ~30 global manufacturing locations including in Canada, the United States, Brazil, India, France, and Italy, with related sales activities worldwide.

AGI designs and manufactures storage, material handling, and conditioning equipment for a range of grain, fertilizer, seed, feed, and food applications within and outside of Canada. These products are sold and distributed worldwide into markets spanning the agricultural commodity production and processing continuum. To meet our customers' needs for high quality products, AGI imports some goods that are produced outside of Canada such as belts for conveyors, gearboxes and motors, bearings, mechanical components, and electrical parts.

AGI's supply chain is primarily composed of steel and component manufacturers, metal fabricators, and industrial distributors. Other suppliers support AGI's internal operations including those from the transportation and logistics, technology and IT, professional services, and utilities industries, among others. The majority of AGI's main suppliers are based in North America and in Brazil. To support the distribution of our products, AGI also operates an extensive network of dealers, most of which are based in North America.

AGI owns 100% of the issued shares of AGI EMEA S.R.L. (Italy), Ag Growth International (Thailand) Ltd. (Thailand), SABE S.A.S. (France), AGI Agricultural Equipment Proprietary Limited (South Africa), Ag Growth International Australia PTY Ltd. (Australia), AGI Agricultural Equipment (Nigeria) Limited (Nigeria), and Euro-Tramco B.V. (Netherlands), which owns 100% of the issued shares of AGI Netherlands B.V. (Netherlands) and 99.99% of the issued shares of Milltec Machinery Private Limited (India). AGI also indirectly owns 100% of the issued shares of AGI Brasil Industria e Comercio S.A. (Brazil).

AGI also owns 100% of the issued shares of Ag Growth Holdings Corp. (CBCA) which owns 100% of the issued shares of Westfield Distributing (North Dakota) Inc. (North Dakota) ("WD"). WD owns 100% of the issued shares of Hansen Manufacturing Corp. (South Dakota), Airlanco Inc. (Nebraska), Global Industries, Inc. (Nebraska), Mitchell Mill Systems USA, Inc. (Missouri), Yargus Manufacturing, Inc. (Illinois), Junge Control Inc. (Iowa), Danmare, Inc. (Delaware), AGI Suretrack LLC (Missouri) and Tramco, Inc. (Kansas) ("Tramco"). Tramco owns 100% of the issued shares of Tramco Europe Ltd. (United Kingdom).

Policies and due diligence processes

Policies and due diligence processes in relation to forced labour and child labour

At AGI, we are committed to the highest standards of responsible business conduct within our operations and supply chains.

AGI's [Code of Business Ethics](#) outlines AGI's business practices and expectations to act in a manner that enhances AGI's reputation for honesty, integrity, and reliability. The code applies to all AGI directors, officers, employees, as well as consultants, contractors, dealers, distributors, and agents retained by AGI. The code also outlines AGI's expectations with respect to compliance with applicable laws and employment practices. In addition, AGI's Whistleblower Policy and program encourages employees to report potential concerns of any suspected violations of AGI's Code of Business Ethics.

AGI's [Supplier Ethics Policy](#) sets out AGI's expectations with regards to the sustainability and business conduct practices of our suppliers. This states that suppliers' labour and human rights practices must align to the principles set out by the International Labour Organization's (ILO) fundamental conventions. Specifically, the policy identifies the following expectations from our suppliers in relation to child and forced labour:

- That no child labour is being used in their workplace, and that they are in compliance with local laws governing the minimum age of workers (ILO Convention No. 182 and No. 138); and,
- That they are in compliance with local laws governing forced labour in the country or countries in which they do business (ILO Convention No. 29 and No. 105).

AGI has implemented the following elements of due diligence to address child and/or forced labour:

- Embedding responsible business conduct expectations into standard corporate policies including AGI's Code of Business Ethics and Supplier Ethics Policy;
- Identifying potential forced and child labour risks in our operations, supply chains, and business relationships, including incorporating responsible business conduct expectations related to prohibiting the use of forced labour and child labour in AGI's Supplier Quality Manual and identifying, during supplier selection, any potential for forced labour or child labour risks; and,
- Developing plans to provide training and develop processes to mitigate any potential adverse impacts and monitor results over time.

Parts of business and supply chains that carry a risk of forced or child labour

The parts of AGI's business and supply chains that carry a risk of forced labour or child labour being used and the steps we have taken to assess and manage that risk

AGI has taken the following steps to identify and address potential risks of forced and/or child labour being used in its operations and supply chain. These steps apply to all of AGI's controlled entities.

- Reviewed industry guidance and best practices related to appropriate controls to identify, assess, and mitigate the risk of forced or child labour;
- Reviewed our internal policies and revised AGI's Supplier Ethics Policy to address child/forced labour;
- Conducted a mapping exercise of AGI's supply chain activities;

- Conducted an internal risk assessment of our key suppliers, taking into consideration spend, sector/industry risk, geography, and the types of goods procured;
- Conducting, based off the results of the risk assessment, additional third-party screening of suppliers (and their affiliated entities) operating in countries or sectors that may have a higher prevalence or vulnerability to modern slavery risk, including adverse media, watchlists, and/or sanctions screening;
- Immediately reviewing reports received through AGI's established anonymous and confidential whistleblower reporting hotline signaling for any potential risk of child or forced labour. No such incidents were identified in 2023; and,
- Developed a training plan to build awareness of forced labour and/or child labour risks.

Based on an initial internal risk assessment, there are certain aspects of AGI's activities and supply chains that may be in sectors or countries that could carry a risk of forced labour or child labour. AGI procures goods from suppliers located in some countries that have been identified as having a higher prevalence of, or vulnerability to, modern slavery risk¹. AGI also procures goods and services from industries or sectors that may carry a risk of modern slavery. According to external sources², these sectors may include manufacturing, transportation, industrial wholesale and distribution, technology and electronics manufacturing, construction, and automotive. Additionally, many of AGI's direct suppliers rely on an extensive network of suppliers globally. This creates a challenge for AGI to have control and full visibility into the geographic reach of our supply chain network and the potential risks facing indirect suppliers.

If AGI becomes aware that any of these potential risks have materialized, we will take the appropriate steps to address them.

Future actions AGI intends to undertake to identify and address risks of forced and/or child labour may include:

- Ongoing monitoring of suppliers' policies and due diligence processes for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains. This may be achieved through the development and issuance of a supplier questionnaire, prioritizing suppliers that operate in at-risk sectors and countries;
- Delivering training to AGI procurement teams globally as well as providing region-specific training;
- Engaging with supply chain partners on how they are addressing forced labour and/or child labour and working to identify corrective actions; and,
- Developing and implementing procedures to track performance in addressing forced labour and/or child labour.

¹ Walk Free Foundation, Global Slavery Index, World Map 2023

² Multiple sources, including International Labour Organization, Walk Free, International Organization for Migration (IOM) Global Estimates of Modern Slavery 2022 Report

Remediation measures

Any measures taken to remediate any forced labour or child labour

We have not encountered any situation for which it would be appropriate to take measures to remediate child or forced labour in AGI's activities or supply chains.

Remediation of loss of income

Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains

Currently, AGI has judged that no vulnerable families have experienced any loss in income as a result of steps to eliminate the use of forced labour or child labour in AGI's activities and supply chains. For this reason, AGI has not taken any measures to remediate the loss of income to vulnerable families.

Training

The training provided to employees on forced labour and child labour

Throughout 2023, AGI focused on building awareness among our senior leadership team and functional leaders about Bill S-211 and the potential of both child and forced labour risks. Additionally, leaders in our finance function attended a presentation on Bill S-211 led by an external party. In Q2 2024, mandatory training on both child and forced labour will be provided to AGI's global supply chain function and procurement managers across our facilities worldwide. The training content is being developed internally, leveraging external guidance and best practices, and will be delivered to approximately 100 individuals across AGI's supply chain function. In addition, we are developing a plan to provide additional targeted training to our regional leaders and procurement teams including in India and Brazil as well as ongoing training on child and forced labour risks to employees across key functions such as supply chain and finance, among others. We are also identifying training resources to support our suppliers in developing due diligence policies to address these risks.

Assessing effectiveness

How AGI assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains

To assess AGI's effectiveness in ensuring that forced labour and child labour are not being used in our business and supply chain, we intend to regularly review our policies and due diligence processes related to forced and child labour and we are in the process of establishing relevant performance indicators. These may include the number of training hours completed by employees and/or suppliers on child and forced labour, the number of cases reported through AGI's anonymous and confidential whistleblower mechanisms, the number of supplier contracts that include child or forced labour clauses, and/or the number of corrective actions implemented by suppliers to address the risks of modern slavery. Our Global Supply Chain, Sustainability, Legal, and Internal Audit teams collaborate and engage across AGI's business functions and regions to support compliance, assess effectiveness, and encourage continuous improvement.

Approval

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.

Full name: Paul Householder

Title: President & Chief Executive Officer

Date: March 27, 2024

A handwritten signature in black ink, appearing to read "Paul Householder", written in a cursive style.

I have the authority to bind Ag Growth International Inc.

Key definitions

Child and Forced Labour are defined in Canada's Modern Slavery Act³ as follows:

Forced labour: Labour or service provided or offered to be provided by a person under circumstances that:

- a. could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or
- b. constitute forced or compulsory labour as defined in Article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930. (*travail forcé*)

Child labour: Labour or services provided or offered to be provided by persons under the age of 18 years and that:

- a. are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada;
- b. are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them;
- c. interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or
- d. constitute the worst forms of child labour as defined in Article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999. (*travail des enfants*)

³ Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act, accessed from: <https://www.parl.ca/DocumentViewer/en/44-1/bill/S-211/third-reading>