
Annual Report

Fighting Against Forced Labour and Child Labour in Supply Chains Act

May 31, 2024



This report has been prepared for the financial year ending July 31, 2023 in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("the Act"). The Act requires that businesses report on the steps taken during the previous fiscal year to prevent and reduce the risk of forced labour and/or child labour at any step in the production of goods in their operations and supply chain. This report was prepared in consultation with key teams that actively collaborate to deliver our broader framework of due diligence in key business areas of the reporting entities, such as procurement, human resources, operations, sustainability and risk management.

1. Introduction

Rainbow Greenhouses Inc. stands against all forms of modern slavery and human trafficking, including forced labour and/or child labour. Our commitment to reduce the risk of forced labour and/or child labour extends to business partners and suppliers of goods and services who we expect are equally committed to preventing and reducing the risk of forced labour and/or child labour in our supply chain.

As an employer, we acknowledge the important role we play in protecting human rights and maintain zero tolerance for any form of modern slavery within our business practices. With the coming into force of the Act, we embrace the opportunity to further increase our efforts in both our business practices and supply chain.

2. Our Company Structure, Operations and Supply Chains

A. Structure

A family company headquartered in Chilliwack, British Columbia, Rainbow Greenhouses Inc. operates approximately five million square feet of greenhouse growing facilities at locations in British Columbia and Alberta. Additional staff are employed at select gardening retailers from British Columbia to Manitoba.

B. Operations

Rainbow Greenhouses Inc. is a horticultural grower that produces annual flowering plants, indoor foliage, tropical and specialty plants. We distribute our product to mass merchandisers and

select grower, gardening retail and broker partners throughout Western Canada and the Northwest USA.

At peak season, Rainbow Greenhouses Inc. employs over 800 employees, of whom approximately 30% are foreign workers who participate in our Guest Worker Program.

C. Supply Chains

As Rainbow Greenhouses Inc. product is live good plants, product suppliers range from growers to hard goods providers. In addition to product supplies, we engage with suppliers to maintain our facilities, production, and staffing operations. Rainbow Greenhouses Inc. also maintains a trucking fleet to carry out shipping and product delivery to customers thus purchases supplies to maintain the fleet.

From our nearly 500 suppliers in 2023, Rainbow Greenhouses Inc. sourced from suppliers based in the following countries:

- Canada
- USA
- Holland
- China
- Hong Kong
- Germany
- Portugal
- Philippines
- Turkey
- Sri Lanka

In terms of supplier volume, nearly 96% of supplies came from Tier 1 suppliers located in North America, 3% from Europe and 1% from Asia.

3. Company Policies and Due Diligence Processes in Place Related to Forced Labour and/or Child Labour

Rainbow Greenhouses Inc. has maintained long-standing due diligence processes to ensure the human rights of our employees are protected. As standards and compliance expectations have changed, these processes have also undergone improvements.

During new worker orientation, every employee is provided a copy of Rainbow Employee Policies which sets out the standards of conduct and workplace expectations for all employees. In addition, in compliance with WorkSafe BC and Alberta Occupational Health and Safety requirements, all greenhouse workers are advised of their right to refuse unsafe work.

Foreign workers are advised of their rights, equivalent to those of Canadian citizens, upon arrival. In addition, highly visible signage articulating their rights as a temporary foreign worker in Canada is posted inside all worker accommodation in common areas. This signage specifically advises the worker that, according to Canadian law, an employer cannot:

- *force the worker to perform unsafe work or work that their employment agreement does not authorize the worker to do*
- *force the worker to work if they are sick or injured*
- *pressure or force the worker to work overtime not included in their employment agreement*

- *punish the worker for reporting mistreatment, unsafe work, inadequate housing or for cooperating with an inspection by a government employee*
- *take the worker's passport or work permit away from them*
- *deport the worker from Canada or change their immigration status; and*
- *make the worker reimburse recruitment-related fees the employer may have paid to hire them*

Signage is provided in both English and Spanish as Spanish is the mother tongue of a majority of our foreign workers. Further to language accommodation, Rainbow employs a full-time certified translator to facilitate accurate and effective worker-centred communication.

Foreign workers are also provided with direct contact numbers for representatives of their home country consulates so they can access immediate assistance. Representatives from Guest Worker consulates are welcomed at any time to visit and inspect our facilities, providing external validation of our efforts to ensure Guest Worker rights are respected while they are employed by Rainbow Greenhouses Inc.

As part of our Guest Worker Program, Rainbow Greenhouses Inc. also maintains active partnerships with licensed agencies. To comply with Alberta's *Consumer Protection Act* and British Columbia's *Employment Standards Act*, recruitment agencies are required to maintain provincial licensing. Additionally, the British Columbia

government requires a specific license for agencies that recruit foreign workers in order to maintain compliance with the *Temporary Foreign Worker Protection Act* ('the TFW Act').

The TFW Act provides other protections for foreign workers with which Rainbow Greenhouses Inc. maintains compliance, including maintaining provincial registration as a foreign worker employer. This information is readily available to the public via provincial government website.

Rainbow Greenhouses Inc. also partners with the BC Agriculture Council's *Western Agriculture Labour Initiative* to ensure our policies and procedures as an employer are current with recommended practices within the agriculture industry including the prevention of involuntary or dangerous labour practices.

Our worker orientation also complies with *AgSafe's* recommended industry practices for Guest Workers and includes the provision of key materials regarding worker safety and rights translated into Spanish. *AgSafe* is British Columbia's agriculture safety association focusing on education and safety compliance within the agriculture industry.

Together with these partners, we seek to ensure that any work carried out by workers is done voluntarily and that all employees work on a completely voluntary basis. We acknowledge the inherent vulnerability of foreign workers, which is why Rainbow Greenhouses Inc. strives to ensure stringent processes of due diligence are carried out within our Guest Worker Program.

If workers under 18 are employed at Rainbow Greenhouses Inc., they are employed in compliance with their corresponding provincial employment standards. Rainbow Greenhouses Inc. protects the rights of young workers to ensure that the age of all employees is verified when employment is initiated. Young workers are also provided with safety orientation and training before starting a new job.

4. Identifying Business and Supply Chain Risks of Forced Labour and/or Child Labour

While the company policies and due diligence processes explained in the previous section seek to mitigate risks within our operations, we recognize that our global supply chain carries risks of human rights violations including forced labour and/or child labour. Specifically, Rainbow Greenhouses Inc. has identified a risk of forced labour and/or child labour in the following areas:

- 1) The industry in which we operate
- 2) Our Tier 2 and 3 suppliers as well as suppliers further down the supply chain
- 3) The use of migrant and outsourced, contracted or subcontracted labour

Our Tier 1 suppliers—who are the suppliers we directly buy our products and services from—are overwhelmingly North American-based companies located in either Canada or the USA. Tier 2 and Tier 3 suppliers, those who provide goods and services to our Tier 1 suppliers, may present more risk. We recognize that in some jurisdictions, the absence of strong

law enforcement and the socio-economic vulnerability of workers combined with the economic and commercial pressures facing suppliers within global supply chains can in combination lead to the violation of human rights.

While these risks may occur *upstream*, i.e. closer to the production processes in our supply chain, we acknowledge the *downstream* role played by Rainbow Greenhouses Inc. with our activities at the wholesale level.

5. Steps Taken to Assess and Manage Risks

As a significant employer within the horticultural industry in British Columbia and Alberta, it is paramount that we maintain exemplary employment practices. Thus, in keeping with Rainbow Greenhouses Inc.'s embedding of responsible business practice into policies and management systems, our approach to human rights seeks to mitigate the risk of forced and/or child labour within our operations.

Our key retail partners carry out third-party assessments of our business practices to ensure that Rainbow Greenhouses Inc. maintains operational standards consistent with their expectations.

With regards to supply chains, currently, and in the past, we have chosen our suppliers based on the value proposition for the business and the alignment of the supplier's operations and operations with our own responsible business practices.

6. Assessing Effectiveness in Ensuring That Forced Labour and Child Labour are not Being Used in Business and Supply Chains

Rainbow Greenhouses Inc. carries out reviews of our policies and procedures periodically to evaluate our effectiveness in ensuring the protection of the human rights of our employees. In addition, feedback is solicited from employees on an ongoing basis and exit interviews are carried out where possible when employees conclude their employment at Rainbow Greenhouses Inc.

For our Guest Worker Program, we regularly evaluate our efforts jointly with the partners we work with in the program. We also work with, and welcome on-site to both meet with workers and inspect facilities, third-parties such as the representatives from government consulates from our Guest Workers' countries of origin.

Rainbow Greenhouses Inc. also carries out end of season interviews with foreign workers who intend to return for the next growing season. This interview is intended to solicit meaningful feedback from Guest Workers and to ensure that their work experience at Rainbow Greenhouses Inc. has met their expectations. The feedback from these interviews is meaningfully integrated into the Guest Worker Program operations to ensure we are continually improving the quality of our Guest Worker experience and that we continue to be an employer of choice for foreign workers returning to Canada.

7. Approval and Attestation

This statement constitutes, for the financial year ending July 31, 2023, Rainbow Greenhouses Inc. report in accordance with section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

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.



Stan Vander Waal
CEO, Rainbow Greenhouses Inc.
May 31, 2024
I have authority to bind Rainbow Greenhouses Inc.