



RACK PETROLEUM LTD.

Report on Forced Labour and Child Labour in Supply Chains

A. Introduction

This Forced Labour and Child Labour Report (this “**Report**”) is made pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), also known as the Modern Slavery Act (the “**Act**”) for the financial year ending January 31, 2024.

This Report applies to, and describes the steps taken by, Rack Petroleum Ltd. (hereinafter referred to as “**The Rack**” or “**we**”, “**us**” or “**our**”) to mitigate forced labour and child labour in our operations and supply chains, which steps continue to evolve.

B. Respect for Human Rights

The Rack is committed to fair labour practices in our supply chains and has an expectation for our suppliers to act responsibly in all respects and to do their utmost to ensure that no abusive, exploitative or illegal conditions exist at their factories’ and workplaces. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. In applying the lens of the UNGPs, we have assessed the potential for our operations to cause, contribute to, or be directly linked to forced labour and child labour. For the reasons described in this statement, we remain of the view that there is low risk that our operations have caused or contributed to forced labour and child labour impacts. We have started to review our policies and procedures to assess whether the operations of our suppliers who provide goods used in our production and distribution processes cause or contribute to adverse human rights impacts.

C. Corporate Structure, Activities and Supply Chains

Structure

The Rack is a privately-owned corporation formed by amalgamation under *The Business Corporations Act, 2021* (Saskatchewan). The Rack has 11 retail locations, 2 wholesale distribution terminals, and a mechanic shop, as well as an agronomy consulting branch. We employ approximately 100 employees full time and hire 10-15 seasonal employees in peak seasons of seeding (Spring) and harvesting (Autumn). All of our employees are resident in Canada.

Activities

The Rack provides a wide range of crop inputs to agricultural producers in Saskatchewan, Alberta and Manitoba. We offer service and consulting work via our custom application and agronomy services and have an in-house research





division that meets qualifications for academic journal publications and is held to statistical accuracy by a PhD soil scientist. Sale of crop inputs include agricultural herbicides, insecticides, seed and seed coatings, fungicides, dry and liquid fertilizers. We also sell fuel, including dyed diesel, clear diesel and gasoline. We provide fuel at our fuel cardlocks, open to public, 24 hours a day 365 days a year.

The Rack has established organization guidelines and practices which govern our internal operations including hours of operation, employee job descriptions and salary ranges, and safety policies and procedures for employee protection.

Supply Chains and Operations

Goods Procured by The Rack for Re-Sale

Most of the goods that we procure for re-sale are purchased by us from global manufacturers or suppliers that have locations in North America. We understand that these global manufacturers and suppliers have their own supplier codes of conduct and/or are otherwise required to comply with modern slavery legislation in other jurisdictions.

More specifically, The Rack procured the following goods from its main suppliers during our last financial year:

1. Chemical and Seed – 86% of our chemical and seed sales pertained to goods procured by The Rack from 8 global manufacturers of agricultural herbicides and seed. We understand that these entities manufacture their own proprietary products and that the goods we purchase from them are being sourced from their locations in Canada and the United States.
2. Fertilizer – most of our procurement spend on fertilizer for re-sale was placed with 5 global fertilizer entities. While these suppliers are global entities, we understand that the goods we purchase from them are being sourced from our suppliers' locations in Canada and the United States.
3. Fuel – our procurement spend on fuel for re-sale was sourced from one fuel supplier located in Canada.

Based on our understanding of the source of the goods we procure, we believe the risk of forced labour and child labour in our supply chain is low.

Goods and Services Procured by The Rack to support our Operations

The Rack procures various services and goods (other than goods for re-sale) to support our operations. In this regard, our supply chain profile for goods and services remains largely the same year-over-year. The types of goods (other than goods for re-sale) and services procured by The Rack from its suppliers to support our effective operations include: (a) office equipment and supplies, consumables, and marketing materials; (b) technology and IT; (c) transport and accommodation; (d) facilities management (including janitorial services and cleaning and sanitation) and (e) general parts and equipment. The Rack also procures professional (legal and accounting) and insurance services to support our operations. Our suppliers of these goods and services are primarily local suppliers, and we are of the view that our supply chains and activities for these types of goods and services procured by The Rack carries a low risk of the use of forced labour and child labour.



D. Steps taken during last financial year to prevent and reduce risk that forced labour and child labour used in supply chain

Other than obtaining confirmation from new employees regarding their age (either verbally or through verifying against government-issued photo ID), The Rack did not take steps during the last financial year 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 for goods distributed by The Rack or of goods imported into Canada by The Rack.

E. Policies and Due Diligence Processes in relation to forced labour and child labour

The Rack has certain internal guidelines and practices in place to promote and ensure our compliance with applicable laws (including in respect of employment and human rights) in Canada, where The Rack operates its business.

During the hiring process for prospective candidates, The Rack asks that employees provide their age, and our practice is to only hire persons over the age of majority in our workplace. The Rack has a system of checking and maintaining employee records to confirm proof of age. Any overtime hours worked must be voluntarily and mutually agreed to by the employee and their manager. Any work outside of usual hours, such as in the evening, overnight or weekend, or calls into work of an employee, are paid in accordance with the applicable report-to-duty rates. All employees are paid their wages via an electronic transaction and receive a pay slip. The Rack has assessed our operational risk for our own employees of child labour and forced labour as low.

For our financial year ended January 31, 2024, The Rack did not have any external policies or processes in place specific to reducing or preventing the risk of forced labour and/or child labour in our supply chains. Since the end of our last financial year, The Rack has begun preparing a supplier code of conduct and attestation that it intends to utilize with all its direct suppliers. This supplier code of conduct will include, among other things, that our direct suppliers attest that no forced labour or child labour is being used in their operations.

F. Supply Chain Risk Assessment and Management of Risk

As of the end of our last financial year, The Rack had not completed its assessment and identification of which parts of its supply chain may carry a risk of forced labour or child labour. Since the end of our last financial year, The Rack has commenced a review to try to confirm the geographical location of its direct suppliers, although we acknowledge we are in the preliminary stages of this assessment. Based on our internal assessment of our suppliers to date, we believe that our direct suppliers present a low risk for the use of forced labour or child labour, given that many are global entities with operations in North America and which we understand have voluntarily adopted transparency measures and policies against forced labour and child labour practices, or otherwise have similar modern slavery reporting obligations in other jurisdictions.





G. Forced Labour and Child Labour Remediation Measures

The Rack is not currently aware of any forced labour or child labour practices occurring within its supply chain or in its activities. Accordingly, The Rack has not undertaken any measures to remediate any forced labour or child labour to date.

The Rack has begun considering an internal accountability procedure for employees and direct suppliers regarding company standards respecting forced labour and child labour, and tools to guide our approach in the event we become aware of the use of forced labour or child labour in our supply chains.

H. Loss of Income - Remediation Measures

The Rack is not currently aware of any forced labour or child labour practices occurring within its supply chain. Accordingly, The Rack has not undertaken any measures to remediate any loss of income relating to any forced labour or child labour to date.

I. Employee Training on Forced Labour and Child Labour

The Rack does not currently provide training to its employees on forced labour and child labour. Since the end of our last financial year, The Rack's executive team has started to review potential employee training programs on the subject of forced labour and child labour in supply chains, which The Rack may implement moving forward.

J. Assessment of Effectiveness

The Rack does not currently have any policies or practices in place to measure and track our success in preventing and reducing risks of forced labour and child labour in our business and supply chains.

K. Approval and Attestation

This Report has been approved by the Board of Directors of Rack Petroleum Ltd. in accordance with Section 11(4)(a) of the Act on May , 2024. 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 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.

Dennis Bulani, Director and CEO
Rack Petroleum Ltd.


I have the authority to bind Rack Petroleum Ltd.

Date: May 28, 2024