



Forced Labour in Canadian Supply Chains

Annual Report for Fiscal Year Ended December 31, 2023

Introduction

This report is prepared pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) on behalf of Monterey Mushrooms Holdings LLC and its subsidiaries, including Monterey Mushrooms LLC (“MM”), Amycel LLC (“Amycel”) and Spawn Mate, Inc. (“Spawn Mate”) (collectively, “we” or “**Monterey Mushrooms**”). The statement is issued for the fiscal year that ended December 31, 2023.

Monterey Mushrooms does business in Canada through Amycel-Canada Distributing, Inc. (“Amy-CD”), a wholly owned subsidiary of Spawn Mate, which in turn is wholly owned by Monterey Mushrooms Holdings LLC through two intermediary/pass-through limited liability companies. Amycel and Spawn Mate produces mushroom spawn and supplements used in mushroom growing, which they sell into thirty-eight different countries including Canada, through Amy-CD’s distribution facility in Abbotsford, British Columbia.

Monterey Mushrooms is a fully vertically integrated company from the spore through the finished product, ensuring high visibility into all segments of the value chain. Monterey Mushrooms is committed to protecting human rights across its entire supply chain including our own production and distribution facilities and those of our supply partners around the world.

Monterey Mushrooms Corporate and Supply Chain Overview

Founded in 1971, Monterey Mushrooms is a leading vertically- integrated researcher, developer, grower, marketer of premium mushrooms, mushroom genetics, and mushroom ingredients. Monterey Mushrooms is headquartered in California and has fresh mushroom farms located in the United States of America (including California, Texas, Tennessee, and Pennsylvania), and Mexico (GTO). Additionally, we have spawn and supplement production facilities in the United States of America (including California, Texas, Indiana and France) and distribution facilities in Pennsylvania, British Columbia, the UK and Netherlands. Monterey Mushrooms employs thousands of teammates across its global network of operations.

Monterey Mushrooms operates across four primary segments – Fresh Mushrooms, Biotechnology, Nutraceutical/Functional Mushrooms, and Logistics. Though Monterey Mushrooms is vertically integrated, we also work with carefully selected external suppliers located around the world. These suppliers confirm that they have strong labour policies that prohibit the use of forced and child labour.

Policies and Due Diligence Practices

Monterey Mushrooms is committed to protecting human rights across all operations.

Internal policies

Monterey Mushrooms team mates work in an environment where we treat each other with dignity and respect. We have adopted and are following the Ethical Trading Initiative (ETI) standards. Monterey Mushrooms is committed to keeping the workers safe and free from exploitation. Company policies support the ETI Base Code, which is a recognized code of good labour practices founded on the conventions of the International Labour Organization (ILO). Our policies and practices meet and often exceed the following ETI Base Codes, including but not limited to: Employment is freely chosen, with employment being at-will in the United States. Child labor is not used, with no employees under the age of 16. Employees aged 16-18 must be in full compliance with local, state, and federal laws, and are not permitted to work in hazardous jobs. Working hours are not excessive, as we operate in full compliance with local, state, and federal laws.

All team mates must sign and adhere to our [Code of Ethics and Business Conduct](#) which requires compliance with all applicable laws and regulations. As Company policies reiterate, no forced or child labour is permitted and workers must freely choose employment and have the right to leave, with full freedom of movement without fees for employment.

Supply chain due diligence policies and procedures

The Company strives to operate responsibly and make positive contributions to the community, within its operations and across that of its third party communities in which we operate. It is of utmost importance that all our dealings are conducted in a legal, moral, and ethical manner.

We have practices to address risks of forced child labour in our supply chains, including required compliance with the company's [Ethical Sourcing Policy](#). The Policy sets out the standards all suppliers must comply with when producing and supplying products for the Company, no matter where they operate in the world. Many of these standards are drawn from the Ethical Trading Initiative (ETI) and the International Labour Organization (ILO) Conventions. Suppliers also must comply with the State of California Transparency in Supply Chains Act (SB 657), including but not limited to ensuring employment is freely chosen, that child labour is not used, that working hours are not excessive, and that no harsh or inhumane treatment is allowed. This policy must be signed by all suppliers to the Company.

Monterey Mushroom will investigate any reported instances of questionable or unethical behavior as reported through a confidential hotline or email. In every instance where improper behavior is found to have occurred, the company will take appropriate action. Additionally, we will not tolerate retaliation against anyone who raises genuine ethics concerns in good faith.

Identification of Supply Chain Risks

Monterey Mushrooms has implemented a mandatory Child-Labour Free Policy in all locations. This policy prohibits any individuals under the age of 16 from being hired and includes a legal framework and outlines responsibilities by department for accountability.



Monterey Mushrooms recognizes that there is some risk of underage labour in countries like Mexico, where family farm practices exist and has taken steps specifically targeted at addressing underage labour there. The Company has implemented a thorough digital hiring procedure conducted by HR which includes detailed and electronic review of personal documents. The documents must be re-validated annually to ensure all information is accurate and current. The HR team has a detailed understanding of what the process steps include and what is excepted by their team to support the Child-Labour Free Policy.

We employ a strong physical security system to ensure that only vetted, authorized and badged employees are allowed entrance. All visitors must be registered and logged to ensure they are only there for business purposes. Any individuals that are not registered as a visitor will not be allowed entrance to the location.

Monterey Mushrooms will continue to identify emerging risks within their supply chain.

Employee Training on Forced and Child Labour

All Monterey Mushrooms employees are required to review and sign the Monterey Mushrooms' [Code of Ethics and Business Conduct](#), in which a prohibition of child and forced labour is specifically addressed. We currently do not provide formal training to employees on identifying and mitigating the risk of forced and/or child labour, internally and/or in its supply chain. Company Management is reviewing the need for formalized policies and any additional training to further reduce the risk of forced and child labour in our operations.

Remediation Measures

As of December 31, 2023, Monterey Mushrooms has not identified any instances or suspected instances of forced labour or child labour in our activities or supply chains and has therefore not had to take actions to remediate such situations. Monterey Mushrooms has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Assessing Effectiveness

Monterey Mushrooms currently does not have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains. The company actively reviews key metrics related to its labour practices including tracking employee hiring and vetting procedures and monitoring hours worked to monitor enforcement and ensure the effectiveness of its practices.

Monterey Mushrooms is currently reviewing all related policies and procedures to determine any further need for additional formalized policies and any additional training to ensure that forced and child labour are not being used in its activities and supply chain.

Approval and Attestation

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.


Shah Kazemi

President and Chief Executive Officer

August 12, 2024

I have the authority to bind Monterey Mushrooms Holdings LLC.