

Canada Forced Labor and Child Labor Report 2024

Steps taken to prevent and reduce the risk that forced and/or child labor is used at any step of the supply chain.



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1. INTRODUCTION.

The Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (The 'Act') requires businesses to state the steps they have taken in the last financial year to ensure forced and/or child labor is not taking place within their operations and supply chains. This statement is applicable to Driscoll's Inc., and has been published in compliance with the 'Act' and outlines our commitment to the eradication of modern slavery.

At Driscoll's, we want employment within the enterprise to be a source of pride to those many thousands of people who make our mission of delighting berry consumers possible by maintaining a Thriving Workforce Strategy.

Driscoll's acknowledges the value and importance of all people within our supply chain. By promoting respect, health, and safety in the workplace we are supporting our company vision "To become the world's berry company, enriching the lives of everyone we touch." It is our belief that good working conditions should be an expectation by all, and in our experience, results in a more productive operation and a more meaningful experience for everyone.

We have zero tolerance for child labor, forced labor, human trafficking, coercion, abuse, harassment and all health and safety conditions posing immediate risk to life and limb. To help ensure compliance with our standards, we promise and expect an environment of transparency throughout our operations and supply chain.

We are committed to a program of continuous improvement to ensure our processes, policies and actions remain effective in identifying the risk of and remediating any form of forced labor and child labor within our own operations, growers and other supply chain providers (nurseries, warehouses, transportation, and packaging providers, etc.) are required to comply with applicable laws and regulations as part of their contractual agreement to do business with Driscoll's.

We have identified a significant risk of forced labor and child labor in Mexico, as highlighted by the Global Slavery Index, therefore, we are having more focus in that area. Measures to prevent and mitigate the risk of forced labor or child labor at any stage of the supply chain include:

- Performing site visits to directly observe operations at the ranches and identify potential risk factors.
- Implementing third party audits on a sample of growers within the supply chain.
- Training growers and their administrative staff on relevant areas of Driscoll's Labor Standards, including forced labor and child labor and developing training materials for growers on how to implement management systems to improve their labor practices at a ranch level.

2. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS.

Structure:

Driscoll's was founded in the United States in 1953. However, the history of the company spans over 100 years from when the founders of Driscoll's predecessor companies introduced the cultivation of strawberries in the Pajaro Valley in California in 1904. Today, Driscoll's is engaged in the business of marketing, selling, and distributing strawberries, raspberries, blueberries, and blackberries worldwide. These berries come primarily from patented plant varieties developed by Driscoll's, which are subsequently propagated in both Driscoll's operated and third-party commercial plant nurseries. We employ approximately 8,095 people throughout the year which 65% are temporary due to the seasonality of this business.

The berries are grown principally by independent growers in the following geographies where Driscoll's has significant operations: United States, Mexico, South America, China, Australia, United Kingdom, European Union, Morocco, and South Africa.

Activities and Supply Chain

Driscoll's four largest product offerings are strawberries, blueberries, blackberries, and raspberries. These berry varieties are available in conventional, organic, and specialty offerings.

Driscoll's undertakes R&D, nursery, and testing operations to breed, patent, and commercialize the varieties that produce the highest quality berries in each region and/or microclimate. Driscoll's uses traditional plant breeding and hybridization methods to develop improved berry plant varieties. This plant material is then patented, cultivated, and multiplied in its nurseries and supplied to growers around the world who grow Driscoll's branded berries. These growers assume the agricultural risk involved in berry production.

Once the berries are harvested by local growers, they are delivered to the local Driscoll's entity coolers, most, but not all, of which are owned and operated by Driscoll's. After delivery of the berries to the coolers, in accordance with the arrangements between Driscoll's and the growers, Driscoll's affiliates subsequently sell the berries to third-party wholesalers and retailers. As one of the most differentiated brands in produce, Driscoll's fosters relationships with top retail, wholesale, export, and foodservice organizations.

3. POLICIES AND DUE DILIGENCE PROCESSES.

Policies:

Driscoll's Labor Standards

At Driscoll's we have our own Labor Standards. These Standards define Driscoll's core workplace principles and expectations internally and within the supply chain.

These Standards are made available through Driscoll's official webpage <https://www.driscolls.com/about/thriving-workforce/standards> and apply to all workers in our supply chain, with no distinction. Our implementation of these Standards prioritizes protecting our most vulnerable employees within our enterprise, particularly migrant and seasonal workers and were implemented both in the US and Mexico operations.

These Standards are based on the International Labor Organization (ILO) Conventions and Recommendations, the Sedex Members Ethical Trade Requirement (SMETA), the Global Social Compliance Program (GSCP) standard, the Business Social Compliance Initiative (BSCI) standard, and a collaborative review of agriculture-specific standards from several non-governmental organizations.

Zero Tolerance Standards:

Driscoll's considers the following practices unacceptable:

- Child labor.
- Forced labor.
- Human trafficking.
- Coercion, abuse, and harassment.
- Health & safety conditions posing immediate risk to life and limb.

Labor laws in the countries where we work are supported by these Standards. Where labor laws exceed these Standards, those laws must be respected and followed. In cases where labor laws fall short of the minimum protection outlined in these Standards, Driscoll's require that employers meet our expectations.

Driscoll's expects an environment of transparency and information exchange between us, our growers, and our nurseries regarding labor policies, practices, and conditions. Driscoll's strives to have a supportive and progressive approach within each growing and nursery site. To achieve this, we have included specific clauses and Language within the Grower Service Agreement in Mexico and the US.

If any issues are identified through the assessment process, growers and nurseries are expected to work with Driscoll's to ensure and demonstrate sincere and continuous improvement toward defined goals.

Code of Business Conduct

Driscoll's Code of Business Conduct is based on Driscoll's Mission, Vision, and Values as well as Company policies and applicable laws. Company policies are covered in your country-specific Employee Handbook or employment contract.

Our Code of Business Conduct ("Code") is intended to help us apply our Values and make good decisions in day-to-day work situations. This Code includes sections on our responsibilities and accountabilities, working together as a team, our commitment to health and safety, working with integrity, being open and honest, supporting the communities where we live and operate, and understanding and following applicable laws.

Employee Handbook

The Handbook provides specific direction for U.S. employees under the guidance of Driscoll's Code of Business Conduct. Both documents serve as an introduction to Driscoll's workplace culture and are intended to clarify and reinforce Driscoll's expectations.

Due diligence process:

1. Driscoll's has included as part of the Policies and Management Systems Driscoll's Labor Standards and Code of Business Conduct to enable the company to assess risk in terms of Human and Labor Rights.
2. As part of the risk identification, we have created a Social Compliance program that entails a series of processes to onboard new growers, plan and prioritize site visits, initial assessments and third-party audits, monitoring execution and capacity building.
3. If any risk is identified during the monitoring process, a corrective action must be presented to cease the risk and mitigate recurrence.
4. To track results and level of implementation we have developed a system to do so where assessment and audit results are recorded and analyzed by a dedicated and specialized team to identify trends and determine effectiveness of implementation.
5. Once data analysis occurs, we can identify trends and some other key information to determine workstreams to address possible impacts and communicate these to the company and supply chain.
6. When it comes to child labor, we require suppliers to develop and implement child labor remediation protocol. This is communicated to the growers during in person meetings.

7. KEY STEPS DRISCOLL'S HAS TAKEN TO PREVENT AND REDUCE THE RISK OF FORCED LABOR AND CHILD LABOR.

Compliance:

In the 2024 financial year, Driscoll's has implemented the following measures to prevent and mitigate the risk of forced labor and child labor at any stage of the supply chain.

To proactively identify risk factors around forced Labor and/or child Labor in the supply chain the company has conducted site visits of our independent growers to help us understand their policies, procedures, and practices to prevent the use of forced labor and child labor.

As part of our monitoring process, we have formed partnerships with two distinct third-party audit certification companies. They conducted initial assessments on 20% of our grower base in Mexico and one of them has conducted around 10% in the US.

Due to a Mexican law reform approved in 2023, in February 2024 we organized and delivered a session to our Mexican grower base, in which one of the main topics was the importance of reinforcing policies and procedures to strengthen prohibitions on the hiring of child labor and young workers in agriculture.

Driscoll's is also Fair-Trade USA Certified in Baja California, Mexico operations. Fair Trade USA includes provisions aimed at preventing and mitigating the risks of forced labor and child labor in the supply chain. In 2024, Fair Trade USA, in collaboration with an authorized audit certification company (SCS Global Services), conducted a third-party audit to assess Driscoll's and its supply chain's adherence to the Fair-Trade USA standards. Following the assessment, certification was renewed.

Community engagement in Mexico.

Given that certain systemic in Mexico, involving various sectors such as government, private sector, and society, it is crucial to gain a thorough understanding of these systemic challenges. For example, in rural areas where access to education is limited, there is a heightened risk of underage individuals being present around production areas. Therefore, to effectively address these issues, it is essential to engage with stakeholders and address the root causes. This involves, engaging with civil society groups, experts, and other stakeholders on the issues of addressing forced Labor and/or child Labor. Additionally, direct engagement with workers and families potentially affected by forced labor is necessary.

At Driscoll's, we respect and advocate for the rights of children and youth. We actively support and implement various initiatives aimed at fostering their holistic development. We recognize that child labor is a complex issue with deep systemic challenges including poverty, limited access to education, and sociocultural conditions. Addressing this issue requires the establishment and enhancement of collaborations and initiatives with various stakeholders, including government

entities, companies, experts, and civil society associations. These partnerships aim to improve the conditions in which the life paths of children and youth unfold.

At Driscoll's, we have a strategy dedicated to the holistic development of children and youth. This involves managing and investing in sufficient infrastructure and effective and quality services to improve the social conditions of the communities where we operate. Our goal is to create environments and opportunities that support the comprehensive development of children and youth, including the children of agricultural workers and community members.

Through various partnerships, we have established five workstreams that encompass ten programs in collaboration with civil society organizations, companies, government entities, and expert groups:

- 1. School access and permanence:**
 - 1.1. School supplies
 - 1.2. School scholarships
- 2. Care services:**
 - 2.1. Childcare
 - 2.2. Afterschool spaces: afterschool projects, summer courses.
- 3. Prevention of psychosocial risks:**
 - 3.1. Sports projects
 - 3.2. Art projects
 - 3.3. Life skills projects.
- 4. School and community improvement and equipment:**
 - 4.1. Improvement and equipment of schools
 - 4.2. Rehabilitation of community parks
- 5. Good practices for communities:**
 - 5.1. Relationship with experts to identify and incorporate best practices in preventing child labor into our strategy from the generation of community conditions.

Our main partnerships are:

- Civil society organizations: Fondo Unido México, World Visión, Escuelas Sustentables A.C., Fundación Dibujando un Mañana A.C., and several local organizations.
- Government: Childcare services of the Instituto Mexicano del Seguro Social and the Sistema para el Desarrollo Integral de la Familia of the municipalities.
- Companies: CEMEX.
- Experts: Save the Children, El Centro por los derechos de la Niñez y las empresas, UNICEF México.

8. TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

Employee Handbook.

Purpose: Incorporating responsible business conduct into our policies and management systems, identifying, and assessing adverse impacts in our operations, supply chains and business relationships, and then taking action to cease, prevent, or mitigate these impacts. This engages directly to Driscoll's Labor Standards which includes Forced Labor and Child Labor.

Code of Business Conduct.

Each new hire is trained in our code of Business Conduct. Every time this policy is updated, employees an update and acknowledgement of review and adherence is required.

9. EFFECTIVENESS IN ENSURING THAT FORCED LABOUR AND CHILD LABOUR ARE NOT BEING USED IN ITS BUSINESS AND SUPPLY CHAINS

During the reporting period, we assessed our effectiveness through the following mechanisms:

Governance

- Policy and specific program reviews
- Ethics committee in charge to review any child labor case to implement consequences.

Risk Management

- Driscoll's Labor Standards and Fair-Trade USA Farm implementation

Monitoring

- Grower & our own facilities audits
- Accommodation audits
- Site visits to monitor compliance
- Training participation

Driscoll's recognizes that modern slavery in horticulture cannot be resolved in isolation. Driscoll's is a member of the International Fresh Produce Association as well as AHIFORES (International Horticulture Association to Promote Social Responsibility). Both organizations advocate for improved workforce policies such as the Ethical Charter and DEAR T-MEC. We are also members of Canada's Fruit and Vegetable Dispute Resolution Corporation.