AFL-CIO

AMERICA'S UNIONS

American Federation of Labor and Congress of Industrial Organizations

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September 4, 2026

Gregory J. Smith
President and Chief Executive Officer
Instar Asset Management Inc.
Toronto-Dominion Bank Tower
66 Wellington Street West, Suite 3410
P.O. Box 342
Toronto, ON M5K 1K7

Re: Windmill Farms Human Capital Risks and Alleged Workers' Rights Violations

Dear Mr. Smith:

I am writing to express concern regarding human capital risks and alleged workers' rights violations at the Washington state facility of Windmill Farms, a portfolio company of Instar Asset Management. We recognize that Instar has a fiduciary duty to manage its portfolio companies in the best interests of Instar's limited partner clients. Consistent with this goal, we urge Instar to review Windmill Farms' current labor practices and urge the company to recognize its employees' freely chosen union, the United Farm Workers of America ("UFW").

As you are aware, Windmill Farms acquired Ostrom Mushroom Farms ("Ostrom") in Sunnyside, Washington in February, 2023. In May 2023, Ostrom agreed to pay $3.4 million in May 2023 to resolve a civil rights lawsuit filed by the Washington State Attorney General for allegedly firing its female employees based on their sex and immigration status by intentionally replacing them with male guest workers. In August 2023, the U.S. Department of Labor Wage and Hour division fined Ostrom for violations of the H-2A visa program by failing to pay farmworkers the required wage rate and did not provide required cooking facilities or three meals per day.

While these alleged violations of workers' rights preceded Windmill Farms' acquisition of Ostrom, we note that Instar and Windmill Farms are defendants in *UFW v. Greenwood*, a lawsuit brought by the UFW and former Windmill Farms employees that is currently pending before the Washington Supreme Court. This lawsuit alleges that after Ostrom was sold to Windmill Farms, Ostrom terminated its employees en masse and that these workers were required to sign procedurally unconscionable arbitration agreements to receive a new job offer from Windmill Farms. Windmill Farms and Instar have denied these claims.

According to the UFW, Ostrom workers had sought to form a labor union to improve their working conditions but that Ostrom refused to recognize their union in 2022. The UFW has alleged in a separate lawsuit that after the acquisition of Ostrom, Windmill Farms retaliated against its pro-union employees by selectively disciplining workers with terminations for failing to meet production quotas and for violating the company's leave policies. Windmill Farms and Instar have denied these claims in the pending litigation.

As a result of these alleged workers' rights violations, the UFW has declared a boycott of Windmill Farms mushrooms in December 2024. The UFW boycott of Windmill Farms has been endorsed by the Washington State Labor Council, AFL-CIO, the Oregon Labor Federation, AFL-CIO, and the Canadian Labour Congress. The UFW's boycott threatens to harm Windmill Farms' sales revenue and its reputation with customers. For this reason, a protracted labor dispute is not in the best interests of Instar's limited partner clients who are investors in Windmill Farms.

Regrettably, U.S. labor law does not adequately protect the internationally recognized human rights of farm workers to join labor unions and negotiate collective bargaining agreements. Farm workers in the U.S. are not covered by the National Labor Relations Act, and Washington State does not require employers to recognize or negotiate with farmworker unions. However, Windmill Farms has an international human rights obligation to respect the freedom of association and collective bargaining rights of its employees notwithstanding local labor laws.

As the owner of Windmill Farms, Instar also has an obligation to seek to mitigate violations of workers' rights by its portfolio companies. The United Nations' Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises call for investors to conduct human rights due diligence and to provide remedies for adverse impacts where appropriate. Instar has recognized these international human rights obligations as part of its ESG Policy and as a signatory for the United Nations' Principles for Responsible Investment.

For these reasons, we respectfully urge Instar to review Windmill Farms' current labor practices and urge the company to recognize the UFW as its employees' union and negotiate a collective bargaining agreement. We note that Instar's own ESG policy calls for excluding investments in companies that have a negative social impact or that do not respect or follow human rights. Instar's ESG policy also calls for incorporating ESG factors into its ongoing portfolio management as an active steward of the portfolio companies in which it invests.

The AFL-CIO is also a signatory of the United Nations' Principles for Responsible Investment, and we request a meeting with the appropriate representatives of Instar to discuss these concerns at the upcoming PRI in Person conference in Amsterdam in October. Please contact Brandon Rees, Deputy Director of Corporations and Capital Markets, AFL-CIO at (202) 637-5152 or brees@aflcio.org to arrange a meeting. Thank you for your attention to this important matter.

Sincerely,

Carin Zelenko
Director of Capital Strategies