

Acadia Colony Farms Ltd.

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Acadia Colony of Hutterian Brethren Trust

Forced Labour and Child Labour in Supply Chains Company
Assessment

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Introduction

This report is Acadia Colony of Hutterian Brethren Trust's response to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

The entities covered by this report include Acadia Colony of Hutterian Brethren Trust, Acadia Colony Farms Ltd. (business number 870152618) and Community Truss Ltd. (business number 869795989).

Acadia Colony of Hutterian Brethren Trust controls both Acadia Colony Farms Ltd. and Community Truss Ltd. who collectively have a place of business in Canada, do business in Canada, have assets in Canada and meet both the revenue and asset thresholds – therefore, meeting the definition of an Entity according to this Act.

The financial reporting year of these three entities covered by this report is for the year ended December 31st, 2023.

Structure, Activities & Supply Chain

Structure - Acadia Colony of Hutterian Brethren Trust

Acadia Colony of Hutterian Brethren Trust ("the Colony") is situated at SE 23-11-14W, Box 1160 Carberry, MB R0K 0H0. This Colony operates on 6,473 acres of land and for the purposes of this report, involves the activities of agriculture and manufacturing. This Colony comprises of 127 total members.

In addition to these pursuits, the Colony has recently finalized the establishment of a vocational workshop tailored for school-aged members – a significant investment by the Colony. It is obligatory for members of the Colony to remain enrolled in school until the completion of grade 12, while also engaging in after-school employment within the community, including agricultural activities or roles with Community Truss. These after-school employment opportunities are designed to foster robust work ethic and a sense of responsibility among colony members.

Recognized by the Government of Canada's public school system, the Colony's vocational shop offers high school credits to attendees within the programs of woodworking, home economics as well as trades such as welding, plumbing and electrical work. With assistance from the Government, the Colony can provide vocational training to students, allowing them to earn credits towards graduation and, where applicable, obtain a red seal certification.

This approach reflects a holistic integration of vocational training into the traditional school system, with recognition and support from both the educational authorities and government agencies.

The Hutterian Brethren Church ("the Church") was recognized by an Act of Parliament in Canada in 1951. Members of the Church ("Hutterites") live communally in settlements ("colonies") and practice an agricultural way of life where all property and assets are held communally for the benefit of all Hutterites. Cultural norms for Hutterites include recognition of adulthood at age 15, and the practice of lifelong

education. With skills learned through their vocational training, Colony members participate in the economic activities of the Colony including farming, carpentry, and mechanics.

The culture of the Hutterites, as recognized by their faith and codified by an Act of Parliament, is to live communally and share among members which extends to common ownership of property and distribution of income. Each family is provided housing on the Colony and families are financially provided for by the income generated by the economic activities of the Colony.

Hutterites participate in lifelong education that combines traditional and vocational teaching. This is a key pillar of the Church who support their members from “cradle to grave”. Their approach to education is compliant with Canada’s child labour standards.

There are no activities within the Colony relating to the production, selling, distributing, or importing of goods as they relate to the Act. Therefore, the remainder of this report relates to Acadia and Community Truss (“the Entities”).

Structure - Acadia Colony Farms Ltd. and Community Truss Ltd.

Acadia operates within the agriculture industry as a farming operation, located at SE 23-11-14W, Box 1160 Carberry, MB R0K 0H0.

Community Truss Ltd. (“Community Truss”) operates within the manufacturing industry, specifically top quality, pre-engineered, roof and floor trusses. Community Truss is owned and operated by the Colony. Community Truss designs, manufactures and supplies customers with complete roofing material packages, offering roof-truss systems, wood web floor trusses, and custom-built stairs. There are 35 hired staff of this entity group, working for Community Truss.

Activities

Acadia's operations include poultry farming and cultivating crops. Individual crops with the approximate proportion of production include potatoes (88% of crop activities), canola (7%), rye (2%), soybeans (1.5%) and oats (1.5%). Acadia holds the CanadaGAP Food Safety certification, demonstrating its strict adherence to rigorous production standards and ensuring the highest quality outputs.

Community Truss specializes in the comprehensive process of designing, manufacturing, and supplying roof and floor trusses. Customers span across Canada and the United States, where the company delivers tailored solutions to meet structural needs with precision and reliability.

Supply Chain

Acadia Colony Farms procures goods within the categories of crop (for example, seed, fertilizer, chemicals and fuel), poultry (turkey, feed etc.), and

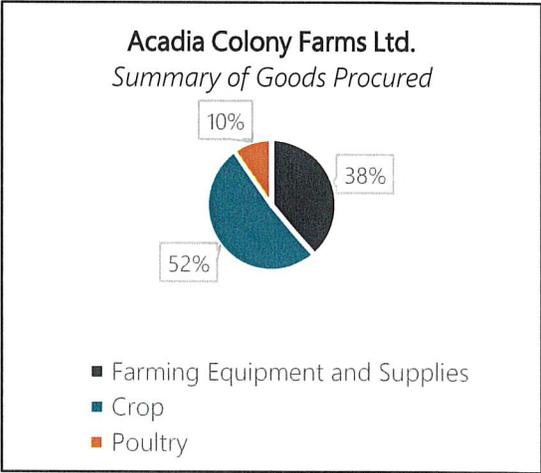


Figure 1: Acadia Colony Farms Ltd. - Summary of Goods Procured

farming equipment and supplies. See Figure 1 for a breakdown of these goods in comparison to Acadia's total procurement spend.

For the purposes of describing and evaluating Acadia's supply chain, suppliers who account for at least 1% or more of the total procurement spend over the 2023 fiscal year were reviewed. Each of these suppliers reviewed, are based out of Canada.

Acadia does not have visibility into their supply chain beyond first-tier suppliers therefore Acadia is continuing to evaluate this to fully understand the origination of goods procured.

The supply chain of Community Truss involves purchasing within three main categories – lumber, truss building supplies, and fuel for equipment. See Figure 2 for a breakdown of these goods in comparison to Community Truss' total procurement spend.

Each of these suppliers are based out of North America – roughly 88% originating from Canadian suppliers, and 13% originating from suppliers within Canada and the United States.

Like Acadia, the suppliers reviewed for this assessment include those who account for at least 1% or more of the total procurement spend over the 2023 fiscal year.

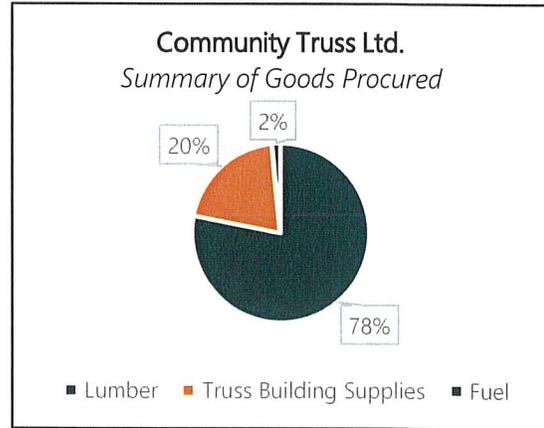


Figure 2: Community Truss Ltd. - Summary of Goods Procured

Policies and Due Diligence Processes

The Entities have the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and their supply chain:

Internal Policies

Community Truss has the following internal policies in place, while Acadia follows the same principles which are not formally documented:

Employee Handbook

The Employee Handbook serves as an outlining document of the fundamental principles guiding workplace conduct and operations at Community Truss. This document emphasizes the commitment made by the company to provide a safe working environment for employees.

Employees are expected to act in a manner that is honest, ethical and respectful while on shift. The Handbook identifies and defines inappropriate and unacceptable conduct and behaviour. The Employee Handbook explicitly states that inappropriate or unacceptable conduct could result in disciplinary action including termination of employment. Examples of unacceptable conduct and behaviour are identified within, as well as the disciplinary process involved to ultimately protect individual interest and safety.

Working hour conditions are defined within the handbook, including specific workday hours, time period of breaks, vacation days policy and, the importance of adhering to schedules and start times.

The handbook also references adherence to the Human Rights Code of Manitoba. This code upholds principles of fair treatment and equal opportunities for all individuals. It delineates the provisions regarding discrimination and harassment, emphasizing their prohibition and providing clear definitions.

Each employee is required to sign a form indicating that they have read, understood, and will adhere to all policies, terms and conditions included within the Employee Handbook.

Safety Plan

The Community Truss Safety Plan follows the Employment Law in Canada and Manitoba's Employment Standards Code, including following the minimum wage requirement, vacation time, and appropriate rest time between shifts. In addition to these items, this plan also addresses safety regarding the usage of vehicles and machinery, load security, and a disciplinary policy.

Due Diligence Processes

Both Community Truss and Acadia recognize that there are limited existing due diligence processes in place aimed at reducing the risk of child labour and/or forced labour within activities and supply chain. This has been identified as an opportunity that will be considered going forward.

Risk Assessment

A risk assessment over Acadia and Community Truss' industry of operation, goods procured, and countries goods are procured from has been performed over material direct suppliers. For the purposes of this report, material suppliers are defined as those who account for at least 1% or more of the total procurement spend during the fiscal year. This risk assessment uses two separate indices to conclude on the inherent risk of child and/or forced labour related to Acadia and Community Truss' industry of operation, goods procured, and countries goods are procured from. The two indices are Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor.

Acadia

Industry of Operation

Acadia operates within the agriculture industry. The two indices noted above have identified an inherent risk exposure within this industry.

Country Which Goods are Procured From

For the purposes of this assessment, a review of countries which goods are procured from focuses on the location of direct suppliers operations. Each direct supplier is located within Canada and the United States which are not referenced within the indices as having a risk exposure therefore, Acadia has concluded a low inherent risk exists.

Goods Procured

As described in the previous section, the goods procured within Acadia's supply chain are divided into the categories of crop, poultry, and farming equipment and supplies. A risk assessment over goods within

these categories has been conducted and identified an initial inherent risk of forced and/or child labour within poultry and potatoes.

All other remaining goods were not identified within the two indices, therefore concluding a low-inherent risk exists.

Community Truss

Industry of Operation

Community Truss operates within the manufacturing industry. The two indices noted above have identified an inherent risk exposure within this industry.

Country Which Goods are Procured From

For the purposes of this assessment, a review of countries which goods are procured from focuses on the location of direct suppliers operations. Each direct material supplier is located within Canada and the United States which are not referenced within the indices as having a risk exposure therefore, Community Truss has concluded a low inherent risk exists.

Goods Procured

As described in the previous section, the goods procured within Community Truss' supply chain are divided into the categories of lumber, truss building supplies and fuel. A risk assessment over the goods within these categories has been conducted and identified an initial inherent risk of forced and/or child labour within the following:

1. Lumber: timber
2. Truss Building Supplies: nails

All other remaining goods were not identified within the two indices, therefore concluding a low-inherent risk exists.

Remediation of Forced & Child Labour

To mitigate the risk of child labour and forced labour within supply chains, Acadia and Community Truss have identified the opportunity to develop and enhance existing due diligence mechanisms in relation to this Act. Community Truss has also identified the need to update internal policies to align with this Act.

Both Entities understand the value of discussing these risks with vendors. These conversations will continue to bring awareness to this issue in an effort to remediate the risk within their supply chains.

Remediation of Vulnerable Family Income Loss

Both Entities are in the process of understanding and evaluating their supply chains related to the risk of child labour and forced labour. To date, both Entities have not identified instances of the use of child labour or forced labour within their operations or those of suppliers. Acadia and Community Truss will continue to review procurement practices to enhance the rigor of due diligence processes including raising awareness with its suppliers.

Awareness Training

There is currently no training in place within Acadia or Community Truss on the topic of child labour or forced labour. However, for the policies noted above, training is performed over the employee handbook. When onboarding new employees to the entity group, part of this process includes reviewing this handbook to ensure individuals are aware of the Entities standards and expectations. These include acting in a way that is honest, ethical, respectful, and following the quality standards of the company. This section is relevant to child labour and forced labour as it includes acts of abuse and violence, bullying, and employee conduct and behaviour.

Acadia and Community Truss recognize the opportunity to enhance training relevant to this Act and therefore, will be evaluating applicable training for staff and members in the foreseeable future.

Assessing Effectiveness

To mitigate the risk of child labour and forced labour, the following mechanisms are in place relevant to assessing effectiveness:

1. Worker safety: Community Truss requires employees to report all workplace injuries and incidents involving the operation of vehicles or machinery. This reporting is overseen by management, allowing for the assessment of worker safety and enabling the identification of areas where risks can be effectively mitigated.
2. Routine policy reviews: Community Truss has committed to reviewing the employee handbook and safety plan on a frequent basis, to ensure content is relevant to their operations, and well-being of employees.
3. Supplier contracts: Where contracts are used, Community Truss has identified the opportunity to incorporate the expectations of suppliers in relation to this Act.

Steps Taken To Prevent and Reduce the Risk of Child Labour or Forced Labour

Acadia and Community Truss have taken the following steps to prevent and reduce the risk of child labour or forced labour within their activities and supply chain:

1. Mapping supply chains: As part of this report, both Entities have mapped their supply chains to complete an initial risk assessment to align with the Act.
2. Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: As part of this report, both Entities have identified risks within their activities and supply chains that have inherent risks of child labour and/or forced labour.

3. Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains: See policies and due diligence processes section – both Entities have identified processes in place.
4. Developing and implementing anti-forced labour and/or -child labour contractual clauses: Both Entities have identified the opportunity to incorporate supplier agreements with contractual clauses related to this Act, for key suppliers.
5. Developing and implementing training and awareness materials on forced labour and/or child labour: Both Entities have identified the opportunity to implement training content related to this Act for employees.
6. Developing and implementing procedures to track performance in addressing forced labour and/or child labour.

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 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.

<u>Isaiah Hofer</u>	<u>[Signature]</u>
Full Name	Signature
<u>Manager</u>	<u>May 27/24</u>
Title	Date

I have the authority to bind Acadia Colony of Hutterian Brethren Trust and all Acadia Colony of Hutterian Brethren Trust-owned legal entities including Acadia Colony Farms Ltd. and Community Truss Ltd.