



Belgium Farms Ltd.



Belgium Farms Ltd.

Forced Labour and Child Labour in Supply Chains Company
Assessment



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Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

These measures introduced through 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"), aim to increase industry awareness and transparency and drive businesses to improve practices. The Act requires entities to report on the steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any steps of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity. There are seven mandatory reporting areas that must be investigated and reported on which include:

- Its structure, activities, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.



Introduction

This report is Belgium Farms Ltd.'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 are Belgium Farms Ltd. ("Belgium Farms"), Lomond Alfalfa Products Inc. ("Lomond"), 1885723 Alberta Ltd., and 826167 Alberta Ltd. o/s Bar 4T Ranch ("Bar 4T Ranch"), collectively "the Entities".

The Entities satisfy the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

The financial reporting year of the Entities covered by this report is for the year ending December 31, 2023.

Structure, Activities & Supply Chain

Belgium Farms (Business Number 100456995) operates as a corporation located at Box 256 Lomond, Alberta.

Lomond (Business Number 103377743), 1885723 Alberta Ltd. (Business Number 806620993), and Bar 4T Ranch (Business Number 899394126) also operate as corporations and are located at Box 256 Lomond, Alberta.

The Entities operate within the agriculture industry. The nature of the Entities' operations is summarized as the following:

- Belgium Farms – Procurement and distribution of cattle and purchase, sale, and production of crop for feed;
- Lomond – Procurement and distribution of cattle and purchase, sale, and production of crop for feed;
- 1885723 Alberta Ltd. – Purchase, sale, and production of crop for feed only; and
- Bar 4T Ranch – Procurement and distribution of cattle only.

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Belgium Farms, Lomond, and Bar 4T Ranch purchase Canadian cattle and cattle from the United States. The three corporations procure cattle directly from farmers, ranchers, auction marts, or through brokers. The cattle are fed until they meet the size specifications for sale. Once specifications are met, they sell the cattle to slaughterhouses and meat markets. Cattle procured in Canada are sold to slaughterhouses and meat markets in Canada. Cattle procured from the United States are sold to slaughterhouses and meat markets in Canada and the United States. Belgium Farms, Lomond, and Bar 4T Ranch each maintain a permanent herd of cows to produce calves raised for later sale. Calves produced by Lomond and Bar 4T Ranch are sold to Belgium Farms for feeding.

Belgium Farms operates a seasonal feeding operation in Canada for raising cattle until cattle meet size specifications to move into a Finishing Yard for slaughtering and/or being put into meat markets in Canada and the United States. Belgium Farms also ensures the animal welfare is kept of top priority, monitoring feed and water intake, and ensuring veterinary assistance is given when appropriate. The seasonal feeding operation services include the provision of feed, veterinary supplies, and care for the animals. The company's feed yard needs are met through internal or external suppliers. Veterinary supplies for cattle are purchased from a local veterinarian. Cattle procured from the United States are also fed in the United States through feed yard services.

The Entities grow, purchase, and sell crops to be used in feeding livestock or to resell in the commodity markets within Alberta. The Entities grow and purchase barley, canola, hay, corn silage, and wheat. The crops they grow are homegrown on their own farmland and purchased crops are from local retailers. The Entities do not grow crops in the United States since their feed requirements for their US cattle are met by feed yard services in the United States.

See Figure 1 for a breakdown of procurement spend across all activities, during the fiscal year.

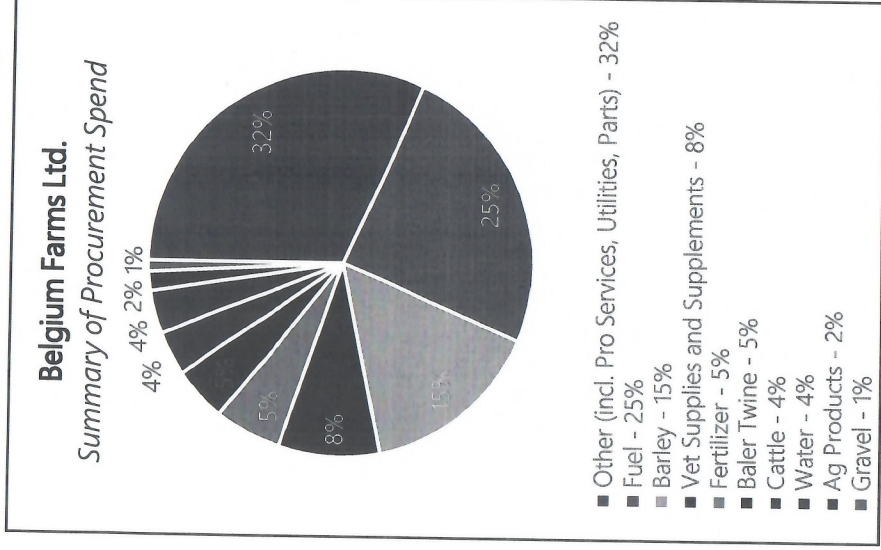


Figure 1: Summary of Procurement Spend



Policies & Due Diligence

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

Employee Onboarding

When onboarding new employees, The Entities requires individuals to job shadow and train under a seasoned employee. This practice ensures the effectiveness of workplace safety protocols and provides a general understanding of job safety as it relates to the employees' duties.

Open-Door Policy

The Entities have an informal open-door policy in place for employees to voice their concerns. Employees are instructed at the time of onboarding for who to approach, should there be a concern related to the workplace.

Employment Standards

The Entities follow the Alberta Employment Standards, which specifies minimum standards employers must provide to employees, including expectations and guidelines relating to working conditions, hours and, hiring youth.

Due Diligence Processes

Onboarding Process

The new employee hiring process includes interviewing potential employees for hiring and requests government-issued identification ("ID") to verify identity and birthdate of the applicant.

Employment Proposals

Where employees are hired, the Entities require an employment proposal to be signed by the individual. Contents of the employment proposal outline wage expectations higher than minimum wage and general work terms and conditions. The employment proposal is issued and reviewed by the employee annually.

Supplier Contracts

Due diligence activities for the Entities involve assessing factors of suppliers such as community reputation, past performance, commodity pricing, and delivery likelihood when selecting suppliers. While the Entities approve, monitor, and oversee supplier performance, there is currently no formal policy guiding buyers on procurement processes or incorporating assessments related to this Act.



Risk Assessment

A risk assessment over the Entities' industry of operation, goods procured, and the countries goods are procured from has been performed over material direct suppliers. The risk assessment used two separate indices to conclude on inherent risk of child and / or forced labour related to goods and countries – *Walk Free's Global Slavery Index* and the *US Department of Labor's List of Goods Procured by Child Labor or Forced Labor*.

Industry of Operation

The Entities operate within the agriculture industry. Given the two indices noted above have identified risks of child labour and forced labour inherent to agricultural products, it is concluded that this industry has an inherent risk exposure.

Goods Procured

The Entities procure agriculture products. A risk assessment over the goods procured from suppliers has been conducted and identified an initial inherent risk of forced and/or child labour within the following categories: cattle, gravel, and wheat. All other remaining goods were not included in either of the indices, therefore, the Entities conclude that these remaining goods have a low inherent risk of child labour or forced labour.

Countries Which Goods Are Procured From

For the purposes of a risk assessment over countries goods are procured from, this report focuses on direct suppliers only. The Entities procure goods from suppliers within Canada and the United States. Both indices have identified Canada and the United States as having a low inherent risk to the use of child and/or forced labour.

Remediation of Forced Labour & Child Labour

To reduce the risk of child labour or forced labour within the Entities' activities and supply chain, the Entities will continue to have conversations and engage with suppliers on the subject. The Entities have identified the opportunity to implement and enhance policies and due diligence mechanisms to reduce the risk of child labour and forced labour within their activities and supply chain.

Remediation of Vulnerable Family Income Loss

To date, there have been no instances identified by the Entities of forced labour or child labour within their activities or supply chains. Therefore, the Entities have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in their activities or supply chains.



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Awareness Training

The Entities do not have training in place on the topic of child labour or forced labour. However, of the policies identified above relevant to this Act, The Entities do incorporate training for new employees from experienced personnel.

The Entities are exploring opportunities to provide training to all employees in identifying, assessing, and responding to risks of child labour and forced labour within the activities and supply chains of the company.

Assessing Effectiveness

The Entities do not have training or documented policies in place on the topic of child labour or forced labour. However, when onboarding new employees, part of this process includes job shadowing of experienced employees. This training emphasizes the importance of job safety and familiarizes these individuals with the protocols and procedures to be followed, to ensure adherence to appropriate conduct. The Entities recognize the opportunity to enhance employee training and documentation relevant to this Act.

To track the Entities' effectiveness of procedures to mitigate the risk of child labour and forced labour, the company will continue to conduct supplier monitoring. Though not a formal process, discussions will continue to exist with suppliers regarding issues that may the Entities' supply chain. The Entities' have identified the opportunity to incorporate discussions with suppliers, related to this Act.

Steps Taken by Entity

The Entities have taken the following steps to prevent and reduce the risk of child labour or forced labour:

1. **Mapping supply chains:** Identifying components of their supply chain including who the suppliers are, country of origin, as well as the good supplied.
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, the 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:** Policies and due diligence processes identified that are relevant to this Act including employee hiring and onboarding processes, Open-Door Policy, Employment Standards, and supplier due diligence.
4. **Monitoring suppliers:** The Entities have identified the opportunity to integrate monitoring of key suppliers, as it relates to assessing and reducing the risk of child labour and forced labour.



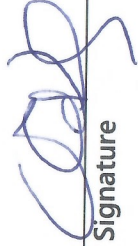
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Attestation

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.

Carla Kallio

Full Name



Signature

Company administrator

Title

30 May 2024

Date

I have the authority to bind Belgium Farms Ltd., Lomond Alfalfa Products Inc., 1885723 Alberta Ltd., and 826167 Alberta Ltd. o/s Bar 4T Ranch.