

Barrhill Feeders Inc.

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 former 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 Barrhill Feeders Inc. (“Barrhill” , “Entity”) 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).

Barrhill satisfies 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 Barrhill covered by this report is April 1, 2023 to March 31, 2024.

Structure, Activities & Supply Chain

Barrhill operates as a corporation (Business Number 732392808) located at PO Box 98 Picture Butte, Alberta, T0K 1V0.

Barrhill operates within the agriculture industry, operating feed yards in Canada for raising cattle until size specifications are met for slaughtering and / or being put into meat markets. The Entity also ensures that animal welfare is kept top priority by monitoring feed and water intake, and ensuring veterinary assistance is given when appropriate.

Barrhill also buys Canadian cattle, occasionally cattle from the United States when needed, and feeding cattle until they meet the size specifications for sale. Once size specifications are met, these cattle are distributed to slaughterhouses and meat markets within Canada and the US.

Barrhill purchases, and sells crops and feed to feed livestock in its care or to resell in the commodity markets within Canada. Crops are also harvested on Barrhill farmland and used as feed for cattle within the feed yards. These crops include primarily corn, silage, barley, prepared feed, but may take other forms of grain. Crop and feed purchases account for more than half of total procurement spend and come from vendors based in Canada.

Barrhill procures cattle directly from farmers, ranchers or through brokers. These purchases are predominantly made through Canadian suppliers, though periodically will also include suppliers from the United States. Barrhill also provides cattle marketing and brokerage for others in the industry. Cattle and marketing/brokerage activities collectively account for just over a quarter

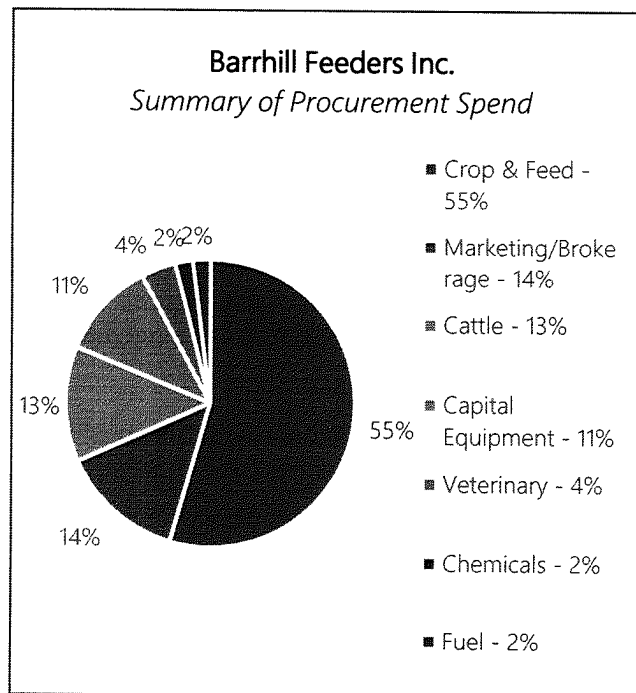


Figure 1: Summary of Procurement Spend

of Barrhill's total procurement spend.

Feed yard procurement also includes the provision of veterinary supplies and care for the animals. The company's feed yard needs for veterinary supplies and services for cattle are purchased from a local veterinarian.

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

Policies & Due Diligence

Barrhill has 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 and Documents

Letter of Offer of Employment

Where employees are hired whether full-time or part-time, Barrhill requires the employment offer to be signed by the individual. The document states that Barrhill's policies and procedures will be adhered to throughout the duration of their employment. It also states the individuals' rights and responsibilities including their hourly wage rate, working hours and expectations, and Barrhill's commitment to ensure all equipment will be maintained and in good working order for its employees. The employment offer indicates that Barrhill has an open-door policy to foster an environment to express any concerns at the workplace. Forced labour and/or child labour are not explicitly stated within the document but aspects and clauses of the document speak directly to the expected treatment and behaviour of employees.

New Employee Orientation Package

When hiring a new employee, the company provides a New Employee Orientation Package. The document verifies the identity and birthdate of the applicant, and is retained in their employee file. This document also has aspects related to forced labour and or child labour through right to refuse work, non-discrimination, anti-harassment and violence, and professional behaviour clauses. Though forced labour and/or child labour are not explicitly stated within the document, aspects and clauses of the document speak directly to the treatment and behaviour of employees. The document also provides mechanisms and procedures for employees to confidentially report violations of policies, morals or laws, or if they have questions or inquiries.

To reflect acknowledgment and agreement, employees are required to sign off on the New Employee Orientation Package at the time of onboarding.

Supplier Contracts

When selecting suppliers to engage with, Barrhill considers community reputation, past performance, commodity pricing, and the likelihood of delivery. While the Entity approves, monitors, and oversees 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 of Barrhill's 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 the 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

Barrhill operates 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

Barrhill procures agriculture products. A risk assessment over the goods procured from material suppliers noted above has been conducted and identified an initial inherent risk of forced and/or child labour within the following categories: cattle, cereal grains, corn, and wheat.

All other remaining goods were not included in either of the indices therefore, conclude that they have a low inherent risk of child labour and/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 the direct suppliers only, specifically, the countries of head offices and direct business locations that Barrhill purchases from.

Barrhill procures goods from suppliers within Canada and the United States. Both indices have identified the countries as having a low inherent risk to the use of child and/or forced labour.

The results above indicate that there is a high risk of forced or child labour within the agriculture industry. This does not mean that evidence of forced labour or child labour was found to support this risk analysis but that more auditing and monitoring will be needed to reduce the risk in these areas.

Remediation Forced & Child Labour & Vulnerable Family Income Loss

To reduce the risk of child labour or forced labour within Barrhill's activities and supply chain, Barrhill will continue to have conversations and engage with suppliers on the subject. Barrhill has 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.

Awareness Training

Barrhill does not have formal training on forced labour or child labour however, does conduct an onboarding process for new employees where the company provides a new employee orientation package. This document has aspects related to forced labour and/or child labour through non-discrimination, anti-harassment, and professional behaviour clauses. This training is mandatory.

The company is 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

To track Barrhill's effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

Internal Activities

1. Conduct and behavior incidents: Barrhill has a zero-tolerance for inappropriate conduct and behaviour. All claims made regarding this will be reported to management, including the development of an action plan to resolve the issue in a timely manner.
2. Employee training: Barrhill will continue to emphasize and conduct employee training for all new hires, to ensure the safety of all workers.
3. Policy Review: The expectations contained within the New Employee Orientation Package for employee rights and conduct are reviewed any time an employee is involved in an incident and at Safety Meetings when the policies are updated..

Supplier Activities

1. Supplier monitoring: Though informal, discussions will continue to exist with suppliers regarding issues that may impact Barrhill's supply chain.

Steps Taken by Entity

During the previous financial year, the entity has taken the following steps to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity:

- **Mapping activities:** identifying the activities of the company to understand how goods are produced, manufactured, grown, sold, or distributed, and where these activities exist.
- **Mapping supply chains:** identifying components of the company's supply chain including who the suppliers are, country of origin, as well as the good supplied.

- **Conducting internal assessments of risks:** The company partakes in general risk management which includes identifying events which could affect the company from achieving its strategy, and the associated mitigation activity.
- **Due diligence processes and policies:** The company has a New Employee Orientation Package, This document has aspects related to forced labour and or child labour through right to refuse work, non-discrimination, anti-harassment and violence, and professional behaviour clauses. Though forced labour and/or child labour are not explicitly stated within the document, aspects and clauses of the document speak directly to the treatment and behaviour of employees. The document also provides mechanisms and procedures for employees to confidentially report violations of policies, morals or laws, or if they have questions or inquiries. Staff agree to these HR policies and manuals when joining the organization. As a general due diligence measure (internal control), Driver's Licenses are verified at the time of hiring. There is an individual appointed by the company to oversee policies and compliance.
- **Supplier due diligence:** The company has due diligence measures when choosing and selecting suppliers to engage with, including community reputation, past performance, commodity pricing, and likelihood of delivery.
- **Monitoring suppliers:** Barrhill has identified the opportunity to integrate monitoring of key suppliers, as it relates to assessing and reducing the risk of child labour and forced labour.

Conclusions & Recommendations for Management

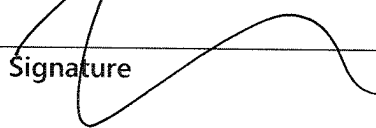
In preparation of this report, we have identified opportunities for the Company to enhance controls and activities related to Forced Labour and Child Labour within the organization and supply chains. These include:

- **Employee Code of Conduct:** It is recommended that an Employee Code of Conduct, including expectations of the Entity regarding behaviour, working conditions, and the intolerance for the use of child labour and/or forced labour be developed. When implemented, it is recommended that employees sign off on the Employee Handbook annually to reflect their adherence.
- **Employee Handbook:** It is recommended that an Employee Handbook be developed and includes an Employee Code of Conduct to outline the behavioural expectations of employees. The document should also outline the rights and responsibilities of the staff. Clauses addressing Forced Labour and Child Labour should be included.
- **Employee Safety Manual:** It is recommended that a clause related to intolerance for the use of child labour and/or forced labour within activities be integrated within the manual. Also, it is recommended that employees sign off on the employee handbook annually to reflect their adherence to policies and expectations within.
- **Employee Training:** It is recommended that employee training on the topic of child labour and forced labour, be implemented into existing employee training programs.



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 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>Joel Groenenboom</u> Full Name	 Signature
_____ Title	<u>May 28, 2024</u> Date

I have the authority to bind *Barrhill Feeders Inc.*