

Hutterian Brethren of Arm River Colony Ltd.

Forced Labour and Child Labour in Supply Chains Company
Assessment

Table of Contents

Executive Summary.....	2
Introduction.....	3
Structure, Activities & Supply Chain.....	3
Policies and Due Diligence Processes.....	5
Supply Chain Risk Assessment.....	5
Remediation of Forced & Child Labour.....	7
Remediation of Vulnerable Family Income Loss.....	7
Awareness Training.....	7
Assessing Effectiveness.....	7
Steps Taken To Prevent and Reduce the Risk of Child Labour or Forced Labour.....	7
Attestation.....	9

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.

The 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 step 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 about 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 are taken to remediate the loss of income to the most vulnerable families that result 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 for the Hutterian Brethren Arm River Colony 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 within this report include Hutterian Brethren Arm River Colony Ltd. (business number 128098001), Arm River Farming Co. Ltd. (business number 101149045), and Arm River Equipment Co. Ltd. (business number 101149042), Arm River Agriculture Co. Ltd. (business number 744164542), and Arm River Metal Inc. (business number 101187064).

These entities satisfy the definition of an entity within the Act by having a business in Canada, doing business in Canada, having assets in Canada, and meeting both revenue and asset thresholds.

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

Structure, Activities & Supply Chain

Hutterian Brethren Arm River Colony

Hutterian Brethren Arm River Colony Ltd. ("the Colony") is situated at SE 13-20-23 W2, Box 570 Lumsden, Saskatchewan, S0G 3C0, and for this report, operates within the agriculture and manufacturing industries. This Colony is comprised of 147 members.

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. Hutterite children attend traditional school from age 3-15, after which they participate in vocational training through apprenticeships or continue through grade 12 and then participate in vocational training. 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 a house 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 that supports its members from "cradle to grave". Their approach to education is compliant with Canada's child labour standards.

The following outlines the activities related to the production, sale, distribution, or import of goods as they relate to the Act stemming from Arm River Farming Co. Ltd., Arm River Equipment Co. Ltd., Arm River Agriculture Co. Ltd., and Arm River Metal Inc. ("the Entities").

Arm River Farming Co. Ltd., Arm River Equipment Co. Ltd., and Arm River Agriculture Co. Ltd.

Structure

Collectively, Arm River Farming Co. Ltd. ("Arm River Farming"), Arm River Equipment Co. Ltd. ("Arm River Equipment") and Arm River Agriculture Co. Ltd. ("Arm River Agriculture") operate the farming operations of the Colony. These operations are located on Colony land.

The individuals working for these Entities are members of the Colony.

Activities

Arm River Farming operates the main farming operations, which include dry land and irrigation crops such as canola, wheat, peas and barley. The production also includes livestock such as bulls, calves, cows and chickens.

Arm River Equipment owns the equipment used in the Colony's farming operations.

Arm River Agriculture provides the labour and management to the farming operations.

Supply Chain

For the purposes of describing and evaluating the Entities' supply chain, suppliers who account for at least 1% or more of the total procurement spend over the 2023 fiscal year were reviewed.

Arm River Farming procures goods within the categories of crop operations, dairy operations, and poultry operations. Examples of goods involved within each category include:

- Crop operations: chemicals, fertilizer and seed.
- Dairy operations: feed, internal transfer feed, veterinary, livestock purchases.
- Poultry operations: feed, internal transfer feed, poultry purchases, and veterinary.

See Figure 1 for a breakdown of these goods.

The supply chain of Arm River Equipment involves the purchasing of machinery.

For the purposes of describing and evaluating Arm River Farming and Arm River Equipment's supply chains, suppliers who account for at least 1% or more of the total procurement activities over the 2023 fiscal year were reviewed. Arm River Farming and Arm River Equipment have limited visibility into their supply chain beyond first-tier suppliers, therefore, the risk assessment focuses only on direct suppliers. Each of the suppliers reviewed is located within Canada.

Arm River Agriculture's annual spend relates to services and therefore have been excluded from the scope of this report.

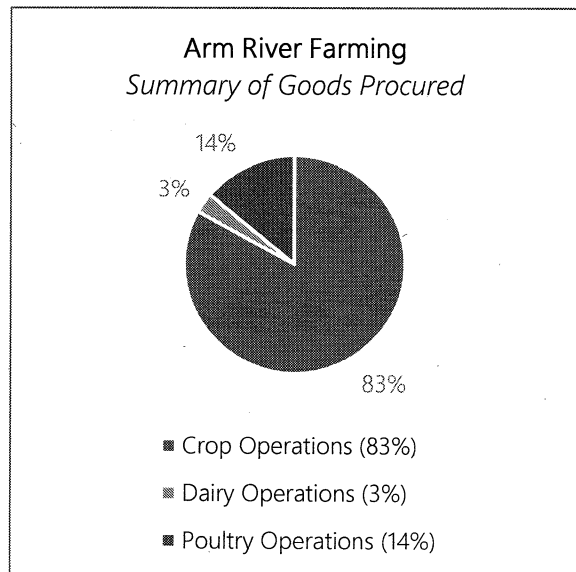


Figure 1: Summary of Goods Procured

Arm River Farming, Arm River Equipment and Arm River Agriculture are continuing to evaluate their supply chains to fully understand the origination of goods procured beyond direct suppliers.

Arm River Metal Inc.

Structure

Arm River Metal Inc. ("Arm River Metal") operates within the manufacturing industry, specifically metalwork, and is located on Colony land. Arm River Metal provides a variety of specialized metalwork services to customers. The Colony is responsible for the operations of Arm River Metal.

Activities

Arm River Metal operates a metal roll-forming business consisting of manufacturing metal siding used in the construction of metal buildings. In addition to this, Arm River Metal purchases for resale building materials related to the construction of metal buildings such as lumber, doors, and hardware.

Supply Chain

The supply chain of Arm River Metal involves purchasing goods related to steel, lumber, and building supplies.

For the purposes of describing and evaluating Arm River Metal's supply chain, suppliers who account for at least 1% or more of the total procurement activities over the 2023 fiscal year were reviewed. Arm River Metal has limited visibility into its supply chain beyond first-tier suppliers, therefore, the risk assessment focuses only on direct suppliers. The majority of suppliers reviewed are located in Canada (96%), while the remainder are located in China (4%).

Arm River Metal is continuing to evaluate its supply chains to fully understand the origination of goods procured beyond direct suppliers.

Policies and Due Diligence Processes

The Entities have informal processes in place relevant to member safety and awareness. Daily meetings are held with members to review content related to operations including health and safety.

The Entities recognize that there are no internal policies and due diligence processes in place aimed at reducing the risk of child labour and/or forced labour within activities and the supply chain. This has been identified as an opportunity that will be considered going forward.

Supply Chain 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. For 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 the inherent risk of child and/or forced labour related to the Entities' industries 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.

Arm River Farming and Arm River Equipment

Industry of Operation

Both Arm River Farming and Arm River Equipment operate 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 this assessment, a review of countries which goods are procured from focuses on the location of direct suppliers operations. Direct material suppliers of Arm River Equipment and Arm River Farming are located in Canada. These countries have been identified as having a low-risk exposure to forced and/or child labour per the two indices.

Goods Procured

As described in the previous section, the goods procured by both Arm River Farming and Arm River Equipment are divided into the categories of crop, poultry, and dairy operations. A risk assessment of goods within these categories has been conducted and identified an initial inherent risk of forced and/or child labour within the following categories:

1. Crop: Cereal grain, wheat, and pulses (legumes);
2. Poultry: Poultry; and
3. Dairy: Cattle.

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

Arm River Metal

Industry of Operation

Arm River Metal 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 this assessment, a review of countries which goods are procured from focuses on the location of direct suppliers operations. Material direct suppliers are located in Canada and China. Based on the findings of the two indices, China has been identified as a country with an inherent risk of exposure to child labour and forced labour.

Canada is a country that has been identified as having a low-risk exposure to forced and/or child labour per the two indices.

Goods Procured

As described in the previous section, the goods procured within Arm River Metal supply chain consist of steel, lumber, and building supplies. A risk assessment of the goods within these categories has been conducted and identified an initial inherent risk of forced and/or child labour among the goods of timber

and 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, the Entities have identified the opportunity to develop and enhance existing due diligence mechanisms about this Act. The Entities understand the value of discussing these risks with members and vendors. These conversations will continue to bring awareness to this issue to remediate the risk within their activities and supply chains.

Remediation of Vulnerable Family Income Loss

The Entities are in the process of understanding and evaluating their supply chains related to the risk of child labour and forced labour. To date, the Entities have not identified instances of the use of child labour or forced labour within their operations or those of suppliers. The Entities 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 the Entities on the topic of child labour or forced labour.

However, training is provided to members regarding workplace safety including heavy equipment training and animal care/handling training. This training further emphasizes the Entities commitment to member safety.

The Entities recognize the opportunity to enhance training relevant to this Act and therefore, will be evaluating applicable training for members in the foreseeable future.

Assessing Effectiveness

To track the effectiveness of procedures to mitigate the risk of child labour and forced labour, the Entities will continue to have discussions with members and suppliers regarding issues related to this Act that may impact operations or supply chains.

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

The Entities 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 activities: As part of this report, the Entities have mapped their activities to complete a risk assessment to align with the Act.
2. Mapping supply chains: As part of this report, the Entities have mapped their supply chains to complete an initial risk assessment to align with the Act.
3. 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.

Attestation

In accordance with the requirements of the Act, and 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.

Brian Hofer
Full Name

Brian Hofer
Signature

Manager
Title

May 30 - 2024
Date

I have the authority to bind Hutterian Brethren Arm River Colony Ltd., Arm River Metal Inc., Arm River Farming Co. Ltd., Arm River Equipment Co. Ltd.