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Hutterian Brethren of Murray Lake

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.

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 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 Hutterian Brethren of Murray Lake's response to Bill S-211, An Act to support 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 Hutterian Brethren of Murray Lake (Trust Number: 19502761), Murray Lake Colony Farming Co. Ltd. (business number: 808867295), Murray Lake Colony Equipment Co. Ltd. (business number: 808888291) and Murray Lake Agr Co. Ltd. (business number: 745088518).

Hutterian Brethren of Murray Lake controls Murray Lake Colony Farming Co. Ltd. ("Farming Co."), Murray Lake Colony Equipment Co. Ltd. ("Equipment Co."), and Murray Lake Agr Co. Ltd. ("Agr Co.") 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 four entities covered by this report is for the year ending December 31st, 2023.

Structure, Activities & Supply Chain

Hutterian Brethren of Murray Lake

Hutterian Brethren of Murray Lake ("the Colony") is a group of 76 family members. This Colony operates on approximately 19,000 acres of land, 15,000 acres of which is farmable, and for the purposes of this report, their operations involve activities within the agricultural industry.

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. Colony members are required to attend traditional schooling from ages 3 to 18. This mandate ensures that all members achieve a minimum educational level equivalent to Grade 12.

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 who support their 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 Farming Co., Equipment Co., and Agr. Co. ("the Entities").

Farming Co., Equipment Co., and Agr Co.

Structure

Collectively, the Farming Co., Equipment Co., and Agr Co. operate the farming operations of the Colony. The operations are located at 6517 Township Road 110 Cypress County, AB, T1A 7N3.

The individuals working for the Entities are members of the Colony, with the exception of one non-member employee.

Activities

Farming Co. operates the main farming operations, which include dry land and irrigation crops such as barley, wheat, canola, chickpeas, hay, timothy, and silage. The production also includes livestock such as bulls, calves, and cows as well as feeders. Farming Co. owns most of the beef herd and also custom feeds for others. Farming Co. is certified with the Canadian Roundtable for Sustainable Beef (CRSB). The CRSB mission is to improve the sustainability of the Canadian beef industry through economic, social, and community strategies. The CRSB states the intent of the community-based strategies is, "human rights are respected and protected through healthy and safe work environments".

Equipment Co. owns the equipment used in the Colony's farming operations and directly leases the equipment to Farming Co.

Agr Co. 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.

Given the nature of the farming operations, the majority (61%) of purchases are feed, which includes corn, barley, premix minerals, salt, and distiller grains. Farming equipment purchases account for 18% of the total spend. Cattle for the feedlot makes up 17% of total purchases and crop purchases including fertilizer, fuel, and chemicals account for 17% of the total spend. General farm supplies such as fencing posts, fuel, small equipment, and building supplies account for 5% of total purchases, veterinary purchases account for 1% of the total spend. All procured goods are from suppliers within Canada. See Figure 1 for a breakdown of these goods.

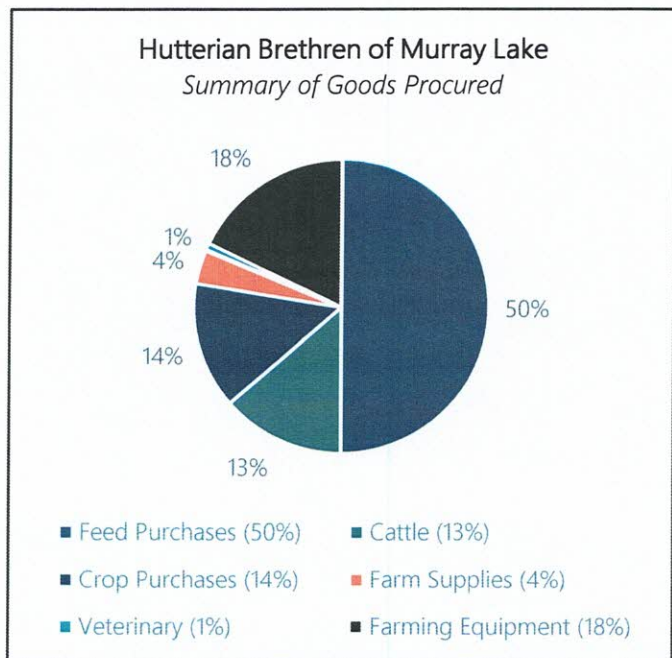


Figure 1: Summary of Goods Procured

Agr Co.'s annual spend relates to services and therefore have been excluded from the scope of this report.

The Entities do not have visibility into their supply chain beyond first-tier suppliers therefore, the Entities are continuing to evaluate this to fully understand the origination of goods procured.

Policies & 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:

Policy for Identifying, Addressing, and Prohibiting the Use of Forced Labour and/or Child Labour in Our Activities and Supply Chains

The Colony has implemented a Policy for Identifying, Addressing, and Prohibiting the Use of Forced Labour and/or Child Labour in our activities and supply chains. This policy applies to all members and the Entities. This policy emphasizes the Colony's commitment to ensuring it is in compliance with the Constitution of the Hutterian Brethren Church, and that the Articles of the Human Rights Act are followed in spirit and in truth.

This policy also specifies that the Colony will assess this risk within its activities and have discussions with suppliers regarding this Act. The Colony prohibits procurement of goods that involve the use of forced and/or child labour.

The Colony commits to a routine review of this policy and an evaluation regarding its effectiveness in mitigating the risk of child labour and/or forced labour.

Farm Equipment Safety

Working members of the Entities are trained on farm equipment safety. The Entities specific Farm Equipment Safety Policy document provides an overview of the responsibilities of Entities which include:

- Providing information, instruction and supervision to workers;
- Maintaining equipment in good condition; and
- Ensuring all safety devices are operational.

This Policy further mandates that records of inspections of safety devices are completed and operators are to only use the equipment for its intended purposes. Expectations for the safekeeping of equipment and the identification of specific hazards of farming equipment are also identified.

Large Animal Safety

Working members of the Entities are also trained in large animal handling. The Large Animal Safety Policy outlines the potential hazards as well as the Colony's responsibilities to:

- Provide information, instruction and supervision to workers handling large farm animals.
- Ensure those who work closely to animals:
 - Wear appropriate personal protective equipment for the assigned work;
 - Maintain awareness of any transmittable diseases that the animal may carry; and
 - Know how to prevent transmission of diseases to themselves and to other animals.
- Ensure workers understand how to safely separate themselves from an animal while working in an enclosure occupied by animals.

Suggested precautions are documented and links are provided within existing laws and safety standards.

Meetings

The Entities host regular safety meetings on topics ranging from Covering Silage Pits, Farming Seeder Orientation, Harvest Safety, and Changing Bucket Precautions for Tractors and Front-End Loaders. During the fiscal year at least eight safety meetings were held.

Daily meetings are also held with individuals of the Entities, to discuss current operations and events of the Entities, including the Colony. The topics covered during these meetings include worldwide news events, local events, and new rules, laws and/or regulations that impact operations.

Key Customer Contracts

For some key customers, the Entities are required to sign and adhere to contracts which include requirements to comply with applicable laws, rules, and regulations including sanctions, anti-corruption, anti-money laundering and tax laws.

The Entities 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.

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 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 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. As a service provider, Agr Co. does not procure goods and has been left out of the scope of this assessment.

Industry of Operation

Farming Co. and Equipment Co. 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 the purposes of this assessment, a review of countries which goods are procured from focused on the location of direct supplier's operations. Each direct material supplier of Farming Co. and Equipment Co. is located within Canada has been identified as having a low risk exposure to forced and/or child labour.

Goods Procured – Farming Co.

As described in the previous section, the goods procured within Farming Co.'s supply chain are divided into the categories of crop, beef, feedlot and general farm purchases. A risk assessment over 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. Feedlot: Corn; and
3. Cattle: Beef.

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

Goods Procured – Equipment Co.

As described in the previous section, the goods procured within Equipment Co.'s supply chain include farming equipment and vehicles. These 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 in relation to this Act.

The 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

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 suppliers.

Awareness Training

There is currently no training in place within the Entities on the topic of child labour or forced labour. However, the Entities recognize the opportunity to enhance training relevant to this Act and have committed to developing training on the topic with employees and members.

Other relevant training is provided to members on general safety topics. During the previous fiscal year, the Entities provided safety training on the topics of harvest safety, covering silage pits, seeder orientation, close calls, swathers, baling, and safety precautions around augers, bins, and truckers. Session attendees are required to sign off on their attendance, allowing the Entities to accurately track training efforts for members.

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: The Entities have documented protocols for incidents, accidents, and close calls. Members and employees are required to report all workplace injuries and incidents to a Safety Advisor, who investigates the situation, documents it, and ensures the situation is talked about and what the possible solutions are best to take action on for future reference.
2. Routine policy reviews: The Entities have committed to reviewing the applicable policies identified above, to ensure content is relevant to their operations and the well-being of members.

Steps Taken to Prevent & Reduce 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 an initial 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.
4. 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: The Entities have identified that there are limited policies and processes in place and have identified the opportunity to enhance this going forward.
5. Developing and implementing training and awareness materials on forced labour and/or child labour: The Entities have identified the opportunity to implement training content related to this Act for members.
6. Developing and implementing procedures to track performance in addressing forced labour and/or child labour: The Entities track safety incidents of members and offer safety training to members on a frequent basis. The Entities have also committed to reviewing applicable policies relevant to this Act to make updates where needed.

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.

Richard Hofer

Full Name

Richard Hofer

Signature

Secretary Treasurer

Title

May 30 - 2024

Date

I have the authority to bind Hutterian Brethren of Murray Lake and all Hutterian Brethren of Murray Lake - owned legal entities including Murray Lake Colony Farming Co. Ltd., Murray Lake Colony Equipment Co. Ltd. and Murray Lake Agr Co. Ltd.