

Schmidt Livestock Ltd.
Report on Forced Labour and Child Labour in Supply Chains

Modern Slavery Statement for the Financial Year ended June 30, 2023

This statement is made pursuant 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. This statement outlines the approach and initiatives by Schmidt Livestock Ltd. to identify and address the risk of forced labour and child labour within its supply chain during the financial year commencing July 1, 2022, and ending June 30, 2023.

Introduction

Schmidt Livestock Ltd. (the company) was established in 1964 and is located in the County of Barrhead, Alberta.

The company was incorporated under the Business Corporations Act of Alberta. Schmidt Livestock Ltd. is a privately held, independent family owned and operated farming and livestock business. The company's principal business activity is commercial cattle operations.

Schmidt Livestock Ltd. operates under the direction of a Governance Board that provides strategic direction and general guidance for the company and a Leadership Management Team that provides operational management and leadership direction for day-to-day operations. The membership of both committees is determined by the shareholders of the company.

Schmidt Livestock Ltd.'s primary business goal is to maintain a profitable and sustainable farming operation. The company's key objectives are to:

- Produce high quality finished cattle,
- Protect and maintain animal health,
- Maximize efficiency and minimize production costs,
- Minimize environmental impacts and ensure long-term sustainability of all resources,
- Create meaningful employment for family members that will support transition of farming operations to future generations.

Schmidt Livestock Ltd has established values and principles that set the guidelines for how the company and its staff work together with our customers, suppliers, partners, and associates. Integrity and respect are one of these values and having integrity means adhering to ethical standards. As such Schmidt Livestock Ltd. does not accept or condone forced and child labour.

Supply Chain Summary

Schmidt Livestock has two supply chain streams: one for the main feedlot and one for custom and background feedlots. Schmidt Livestock Ltd. has approximately 550

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suppliers. The company has established long-term relationships with many of its suppliers and has good general knowledge of their operations.

The main categories in the company's supply chain include:

- Cattle (44%)
- Feed (25%)
- Veterinary, processing and handling supplies (1%)
- Labour (7%)
- Equipment (3%)
- Trucking (2%)
- Other miscellaneous supplies & services (18%)

The largest portion of these suppliers are local Alberta farmers that the company purchases cattle, feed barley or hay and straw from. Long term relationships with the majority of these local farmers have helped to support a consistent, quality supply of its main inputs and good knowledge of their operations. Schmidt Livestock also produces a large portion of its own feed, hay and straw and purchases cattle from shareholders private holdings.

Veterinary supplies are provided through one local veterinary company that Schmidt Livestock Ltd. has a long-standing relationship with. Other processing and handling supplies are purchased through other local Barrhead and Edmonton, Alberta area suppliers, many of which are long-standing suppliers as well.

Schmidt Livestock Ltd. is a family operated business. There were twenty permanent employees: fifteen family members and five non-family in the reporting year. The company hired five additional seasonal workers: one family and four non-family. Seasonal workers were the same individuals that have been employed in previous years. Schmidt Livestock Ltd. has an employee manual that provides the policies, procedures, hiring practices, working conditions and behavioral expectations of the company and its employees. The company has very little job turnover and has not had difficulty hiring locally. The company contracts out some maintenance and repair work to local Barrhead and Edmonton, Alberta area suppliers. Schmidt Livestock Ltd. has made the employee manual available to all employees and reviews any updates/changes with employees as required. No additional training related to forced and child labour has been undertaken at this time.

The company purchases most of its equipment through local Barrhead and Edmonton, Alberta area dealers. Dealership equipment is supplied and manufactured by companies based in Canada or the United States. Schmidt Livestock Ltd. purchases equipment manufactured from well-known, reputable companies that ensures quality equipment and a good supply of parts.

The majority of trucking is provided by the company's own trucking operations and a single contract trucking company that Schmidt Livestock Ltd. has a long-standing

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relationship with. The remainder is either provided directly by the farmer or a few other local contract truckers.

Potential Risks in Supply Chain

Schmidt Livestock Ltd. has reviewed its supply chain and has not identified any risks with its suppliers as the company:

- does not procure supplies directly from countries known to have challenges with forced labour and child labour,
- procures the majority of supply chain inputs directly from local Barrhead and Edmonton area suppliers that it has good knowledge and long-standing relationships with

Potential risks may exist from suppliers:

- who the company purchases less frequently from and has less relationships and knowledge of,
- who rely on sub-suppliers,
- who may use temporary foreign workers or seasonal foreign labour.

Risk Reduction Steps

Schmidt Livestock Ltd. has taken the following steps that support risk reduction:

- Procures the majority of inputs to its supply chain through local Alberta farmers and businesses.
- Has established long-standing relationships and good knowledge with most of its suppliers.
- Has an employee manual that provides the policies, procedures, hiring practices, working conditions and behavioral expectations of the company and its employees which is reviewed annually.
- Has established values and principles that guide the company and employees in how it conducts business with our customers, suppliers, partners, and associates.

Risk Assessment Steps

Schmidt Livestock Ltd. has created a supply chain map and process to review and assess annually.

Remediation Steps

None required at this time.

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Effectiveness Assessment

No incidents of forced or child labour have been noted or identified at this time.

Attachments

- Supply Chain Map

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 Schmidt Livestock Ltd. 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.

Shelly Pusch
Secretary Treasurer
Approved May 15, 2024

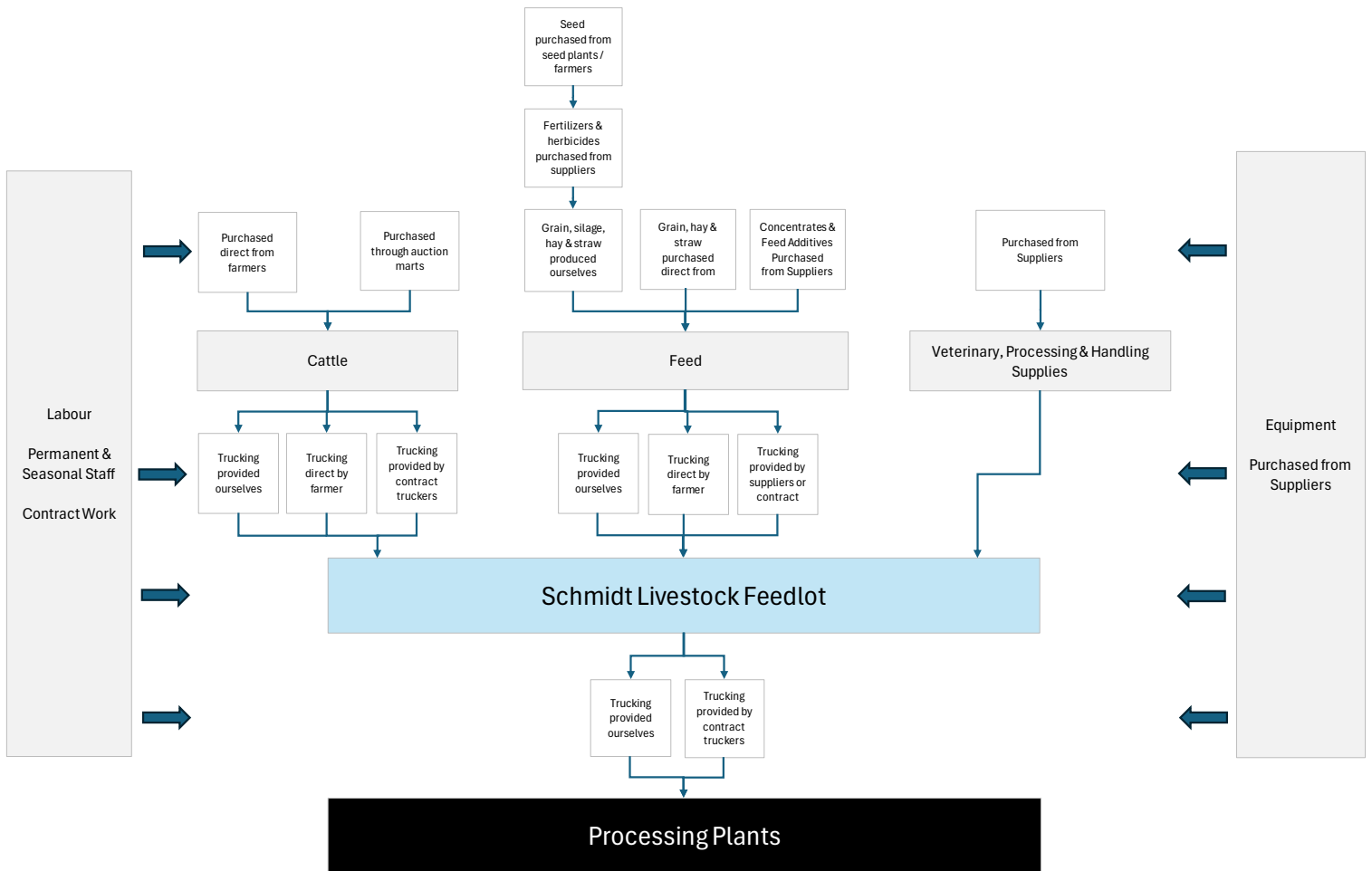
Shelly Pusch

I have the authority to bind Schmidt Livestock Ltd.

Schmidt Livestock Ltd.

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SCHMIDT LIVESTOCK - MAIN FEEDLOT SUPPLY CHAIN



Schmidt Livestock Ltd. Report on Forced Labour and Child Labour in Supply Chains

SCHMIDT LIVESTOCK - CUSTOM LOTS SUPPLY CHAIN

