

Waldbauer Ranching Ltd.

Forced Labour and Child Labour in Supply Chain 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.

In Canada, the government through the Public Safety Canada has enacted Bill S-211 or Fighting Against Forced Labour and Child Labour in Supply Chain ("the Act") which aims to protect vulnerable populations from human rights abuses and exploitation. This Act will have a significant impact on the way Canadian business contract within the supply chain and may affect an organization if it produces, sells, or distributes goods in Canada or elsewhere, import goods produced outside of Canada into the country, or controls an entity engaged in either of the above activities. This Act took effect on January 1, 2024, with first reports required to be filed on or before May 31, 2024.

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.

Given the newness of the Act, Waldbauer has yet to implement or remediate the requirements of the Act. As of January 2024, Waldbauer has begun prioritizing the assessment of forced labour and child labour within its supply chain. This will require maturation and includes the continuous exploration of our supply chain due diligence processes and mindfulness of the Act's requirements, to improve understanding of the risks of forced or child labor in our operations and supply chains.

Introduction

This report is Waldbauer Ranching 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). References to "Waldbauer", "the Corporation", "the Company", "the entity", "we" or "our" in this report refers to Waldbauer Ranching Ltd. The measures introduced through Bill S-211 aim to increase industry awareness and transparency and drive businesses to improve practices.

Waldbauer 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.

This report covers the financial year July 1, 2022, to June 30, 2023. This is the first version of the report submitted by the Company. Waldbauer's primary place of business is located at 1116 Township Road 90A, Cypress County, AB, T0J 3L0.

Structure, Activities & Supply Chain

Structure

Waldbauer is a family-owned business and a duly incorporated entity under the province of Alberta, Canada, commencing its operations in February 2009. As of 30 June 2023, Waldbauer operated with a minimal workforce, consisting solely of the owner and one additional adult employee who are all within Canada.

Activities

Waldbauer is a cattle business with four principal activities:

1. Acquisition of cattle;
2. Breeding and growing of cattle on our ranch;
3. Sending cattle to third-parties for feedlotting of our animals ; and,
4. Channelling cattle towards slaughterhouses for sale and further processing.

The company's operation is in Southern Alberta, has \$28 Million in assets and generated \$51 Million in revenue.

Supply Chain

We acquire our cattle from established auction markets. In the reporting period, Waldbauer had 8 direct (tier 1) suppliers. All the tier 1 suppliers we engage with are based in Canada and located within Southern Alberta.

Our cattle are raised on our ranch or at the third-party feedlots before sale. This stage of our supply chain is central to the maintenance and management of the ranch which is undertaken by the owner and the employee. Third-party feedlots are the only suppliers and service providers at this stage.

The distribution and sale of cattle is facilitated by the Company's employee using the Company's truck.

Policies & Due Diligence

Employment Practices

We recognise the risk that Waldbauer could cause modern slavery through its employment practices. Waldbauer has only one employee, therefore, there is no formal employee framework, policies, codes of conduct, or due diligence protocols on forced and child labour. Although the company does not have formal policies, the company does not engage contracted labour, and relies solely on the efforts of the owner and the single employee to fulfill all operational tasks. There is also regular communication between owner and single employee, therefore, if the employee has a feeling that labour is forced, this would be immediately communicated to ownership.

Procurement Practices

We recognise the risk that Waldbauer could contribute to, or be directly linked to, forced or child labour through its procurement practices for its operations and supply chains. The company's suppliers are all based in Southern Alberta, Canada. In the event of sourcing supplies outside of the Southern Alberta market, the owner would be responsible for approving the supplier.

Overall Due Diligence

Due to the coming into effect of this Act, Waldbauer would be mindful of prevailing requirements and recommendations with respect to the Act to further strengthen the Company's due diligence processes. This will set out what we expect of our employee(s) and suppliers in relation to risk of child and forced labour.

Risk Assessment

We took a risk-based approach to identify our areas of greatest forced and child labour risks for the reporting period. We assessed the risk of child and forced labour based on the potential to cause, contribute to, or be directly linked to child and forced labour through our operations and supply chains.

Our risk assessment utilized several published documents including the latest editions of the *U.S. Department of Labor's Bureau of International Labor Affairs, "2022 List of Goods Produced by Child Labor or Forced Labor"*, the *Walk Free Global Slavery Index*, and the *International Labour Organization's 2022 "Global Estimates of Modern Slavery: Forced Labour and Forced Marriage"*.

Countries Goods are Procured From

Our assessment of the risk of forced labour and/or child labour in our supply chains for FY2023, showed that there were low risks of forced labour or child labour in our country of operations, and that all our suppliers are based in Canada. We had no suppliers located in countries deemed to have high-risk ratings.

Industry of Operations

We recognize that the agriculture industry forms a part of Waldbauer's business and supply chain and are at a high risk of forced labour and/or child labour. This does not mean that evidence of forced labour or child labour was found to support this risk analysis but that more monitoring will be needed to reduce the risk.

Goods Procured

We assessed that cattle is considered to be one of the products that are at risk of being produced by child or forced labour. Although we recognize that this risk exists, procurement of cattle is only made at large established auction markets and sales of cattle is only made to slaughterhouses based on long term relationships.

Overall Risk Assessment

Although the country of origin, industry of operation and goods produced were our main risk determinants, the country of origin was our key determinant of Waldbauer's risk of contributing to or being directly linked to forced and child labour risks. Our assessment of risks is further premised on the facts that all of Waldbauer's operations are in Canada, and some of the suppliers may be required to comply with the Act and are likely to follow similar due diligence and risk assessment as outlined in this Report.

As part of our reporting process in FY2024, we plan to continuously risk assess our supply chain, to identify any potential indicators of child or forced labour in our activities and supply chains. Waldbauer further recognises that openness and transparency are fundamental to ethical business practice. We will continue to explore our due diligence processes and be mindful of the Act's requirements, to improve understanding of the risks of forced or child labour in our operations and supply chain and in turn, address those risks.

Remediation of Forced & Child Labour & Vulnerable Family Income Loss

In FY2023, we did not receive any reported concern related to potential indicators of child or forced labour in our activities and supply chain. There have also been no identified or reported instances of loss of income to vulnerable families that have resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

As part of the year 2024's activities, Waldbauer will continue its risk assessment and will determine if there are areas in its supply chain that are at risk of forced or child labour. Once these have been determined, Waldbauer will identify the remediation procedures that can be put in place to mitigate the risk of forced or child labour in that area of the supply chain, if any.

Awareness & Training

There were no formal awareness and trainings performed for FY2023. Henceforth, we plan to increase our awareness of child labour and forced labour risk in our operations and supply chains. The awareness and training will include the types of forced or child labour practices, requirements of the Act, and actions Waldbauer is taking to assess and manage forced or child labour risk.

Self-Assessment Process and Requirements

Collectively, we believe our approach outlined in preceding sections will help to reduce and prevent the risk of forced and child labour within our operations and supply chains. We will work on our action plans to improve our approach to mitigating child and forced labour risk and will continuously develop a process to assess the effectiveness of our actions, approach, and processes to achieve continuous improvement.

Conclusion and Key Takeaways

Given the newness of the Act, Waldbauer has yet to implement or remediate the requirements of the act. As of January 2024, Waldbauer has begun prioritizing the assessment of forced labour and child labour within its supply chain. This will require maturation and includes the continuous exploration of our supply chain due diligence processes and mindfulness of the Act's requirements, to improve understanding of the risks of forced or child labor in our operations and supply chains.

Approval and 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 disclosed 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.

Leslie Waldbauer

Full Name


Signature

Co-owner

Title

May 28, 2024
Date

I have the authority to bind Waldbauer and this report covers financial year 2022/2023 and applies to Waldbauer Ranching Limited.