



Canadian Dairy
Commission

Commission
canadienne du lait

Canadian Dairy Commission

2025 Annual Report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

Purpose of the report

Following the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act), the Canadian Dairy Commission (CDC) is submitting its report for the 2025 reporting period. This report documents the steps the CDC has taken during its previous financial year (from August 1, 2023 to July 31, 2024) to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods produced, purchased or distributed by the CDC.

Definitions

The following definitions apply throughout this report:

Child labour: labour or services provided or offered to be provided by persons under the age of 18 years and that

- a. are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada;
- b. are provided or offered to be provided under circumstances that are mentally, physically, socially, or morally dangerous to them;
- c. interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or
- d. constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.

Forced labour: labour or service provided or offered to be provided by a person under circumstances that

- a. could be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or
- b. constitute forced or compulsory labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

Structure, activities and supply chain

The CDC is a parent Crown corporation, governed by a board of three directors, reporting to Canadians and Parliament through the Minister of Agriculture and Agri-Food.

CDC's team of 85 employees, operating from its Ottawa office location, supports Canada's dairy industry by overseeing two key elements of supply management, namely the farmgate price of milk and national milk production targets.

The CDC also provides the dairy industry (producers, processors, and provincial milk marketing boards), with other key services such as:

- The purchase, storage, and sale of butter and cheese to offset seasonal production and consumption;
- Compliance audits to enforce dairy system rules;
- The administration of some industry decision-making committees;
- Secretariat services and technical expertise; and
- The administration of programs on behalf of the industry and the Department of Agriculture and Agri-Food Canada.

The environment in which the CDC operates from a supply chain perspective is quite limited although the organization plays a vital role in the Canadian dairy sector's supply management.

CDC's activities can be grouped in the following two categories:

1. Procurement of goods to conduct its operations (IT hardware, software, and licenses, office supplies, equipment, and furnishings), and
2. Procurement and resale of dairy products (butter and cheese) for supply management purposes, and as per Canada's commitment under the World Trade Organization butter tariff rate quota.

Steps to prevent and reduce risks of forced labour and child labour

In 2023-24, the CDC 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 it purchases:

- Confirmed that new suppliers from which the CDC purchases goods to conduct its operations (administrative purchases) have responsible purchase policies in place that prohibit the use of forced and child labour;
- Developed and gradually implemented anti-forced labour and child labour contractual clauses when purchasing dairy products as part of its industry programs;
- Increasing awareness of forced and child labour amongst employees directly involved in procurement activities.

Further details are found in the following sections.

Policies and due diligence processes

Our procurement practices support fair consideration of suppliers, appropriate risk management for the CDC and our stakeholders, and align with the Treasury Board of Canada Secretariat recommendations. In 2023-2024, the CDC initiated a review of its policies, procedures, and tools to ensure a commensurate level of due diligence is in place to mitigate forced labour and child labour risks in its activities and supply chains while considering the organization's exposure to such risk.

The initial steps of the review resulted in the implementation of additional measures in our procurement process and contract templates to further mitigate forced labour and child labour. More specifically, before the CDC purchases goods to conduct its operations from a new supplier, a verification step to confirm it has responsible purchase policies in place has been added to the process. As well, to communicate the CDC's commitment towards fighting against forced labour and child labour to most of its suppliers, a clause to this effect was added to the contract template used when procuring butter and cheese as part of its Domestic Seasonality Programs.

As the CDC pursues its review, further measures may be implemented as appropriate. Such measures will include the addition of clauses similar to the one used in contracts to procure butter and cheese in those used to procure goods required to conduct CDC's administrative operations.

Forced labour and child labour risks

CDC has assessed the type of products it procures within its supply chain to identify those that carry a risk of child labour or forced labour and compared them to external resources to evaluate their level of risk.

Although the procurement level for cellphones, laptops and other information technology equipment is quite limited due to the size of the CDC's workforce, our analysis brought us to the conclusion that they remain an area of considerable risk from a child labour or forced labour perspective when compared to other spending categories. Nonetheless, the risk remains low for the CDC as the procurement of such equipment is conducted through companies which have implemented responsible purchase policies (supply chain standards, supplier code of conduct, etc.).

The procurement and resale of dairy products (butter and cheese) by the CDC are supply chain activities of minimal risk from a child labour and forced labour perspective. Associated purchases are either domestic or from countries that respect human rights

and have policies in place to protect those rights. More specifically, in the last year, the CDC purchased butter from Belgium, France, New Zealand, and the United States.

Measures to remediate any forced labour or child labour

The CDC has not identified any instances of forced labour or child labour in its operations or supply chains and as such has not taken remediation measures.

Measures to remediate loss of income

Over the reporting period, the CDC has not identified any instances of forced labour or child labour in its activities and supply chains. As such, there was no remediation measures implemented to mitigate the loss of income for vulnerable families.

Employee training

As the CDC initiated the review of its policies and due diligence processes pertaining to forced labour and child labour, discussions with employees directly involved in procurement activities were held to bring awareness of the risks the organization may encounter from a child labour or forced labour perspective.

In the coming months, the CDC will leverage its newly formed Environmental, Social and Governance (ESG) Committee to disseminate information on the Fighting Against Forced Labour and Child Labour in Supply Chains Act and how the CDC is taking action to prevent and mitigate the risk that such labour is used in the production of goods we purchase.

Assessing effectiveness

The CDC will evaluate the requirement for concrete policies and procedures to track effectiveness of the measures it has adopted to ensure that forced labour and child labour are not used in its activities and supply chains.

Attestation

In accordance with the requirements of the Act, and in particular section 6 thereof, I attest that I have reviewed the information contained in the report for the entity or 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.



Jennifer Hayes,
Chairperson of the Canadian Dairy Commission

I have the authority to bind the Canadian Dairy Commission