

Hutterian Brethren Church of Cleardale

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 Church of Cleardale'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 Church of Cleardale (business number 884516311), Cleardale Colony Ltd. (business number 870432218), and Northway Cattle Company Ltd. (business number 710730292).

Hutterian Brethren Church of Cleardale (HBC) controls Cleardale Colony Ltd., and Cleardale Colony Ltd., controls Northway Cattle Company Ltd. (Northway), 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 entities covered by this report is for the year ending December 31st, 2024.

Structure, Activities & Supply Chain

Hutterian Brethren Church of Cleardale

Hutterian Brethren Church of Cleardale ("HBC" or "the Colony") is a group of 122 members. This Colony operates on approximately 12,000 acres of land, 8,000 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. Hutterite children attend traditional school from age 3-15, after which they participate in vocational training through apprenticeships. With skills learned through their vocational training, Colony members participate in the economic activities of the Colony.

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, or import of goods produced as they relate to the Act stemming from HBC, Cleardale Colony Ltd, and Northway (the Entites).

Hutterian Brethren Church of Cleardale

HBC, Cleardale Colony Ltd., and Northway.

Structure

Collectively, HBC, Cleardale Colony Ltd., and Northway operate the farming, welding and cattle operations of the Colony. The operations are located at Box 159, Cleardale, AB, T0H 3Y0.

All the individuals working for the Entities are members of the Colony.

Activities

HBC operates the main grain farming operations as well as the welding fabrication operations. HBC purchases tools and supplies to run the farm as well as some minerals, feed, and premixes for the feedlot. Northway operates the main cattle operations which purchases cattle (beef) for the feedlot. Northway raises and sells registered purebred Angus Cattle to sell as seedstock.

Cleardale Colony Ltd., does not have any production operations and did not have any transactions during the year ending December 31, 2024

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 2024 fiscal year were reviewed.

HBC operates the grain farming operations and welding operations (see figure 1 for breakdown) and as such, their purchases are made up of the following:

- Farm equipment (30%),
- Construction and building materials including concrete for feedlot (19%)
- Welding equipment and supplies (18%)
- Fuel and gas (15%)
- Crop purchases including chemicals (10%)
- Various vehicles and trucks (8%)
- Feed, salt and minerals (4%)

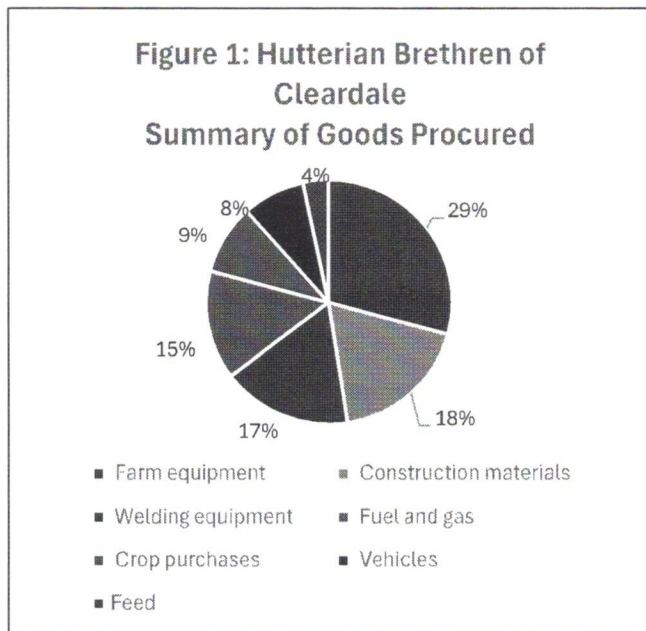


Figure 1: Summary of Goods Procured

Northway operates the main cattle operations, and as such, the majority of their purchases are for cattle (calves), at 79% of total spend for top suppliers. Barley (feed purchases) make up around 21% of total spend in 2024. Refer to figure 2 for a breakdown of these goods.

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.

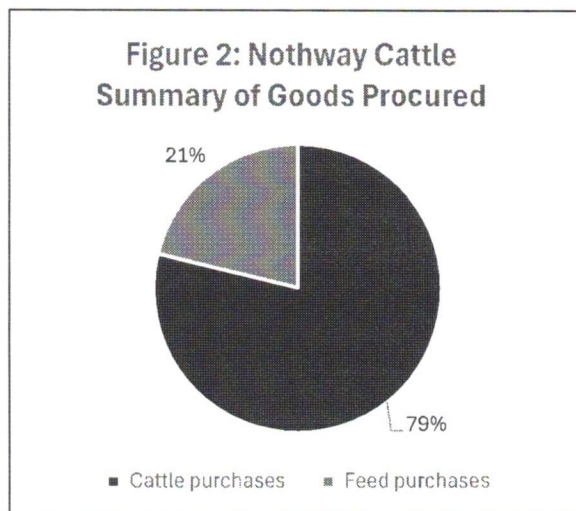


Figure 2: Summary of Goods Procured – Northway

Policies & Due Diligence Processes

The Entities have informal processes in place relevant to members and employee safety and awareness. While the Entities do not maintain formalized written policies or a structured due diligence framework, they proactively uphold a strong internal culture that prioritizes ethical conduct and community oversight.

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.

Industry of Operation

HBC and Northway. operate within the agriculture industry and manufacturing industry. The two indices noted 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 top direct supplier's operations. Each direct material supplier of HBC and Northway is located within Canada has been identified as having a low-risk exposure to forced and/or child labour.

Goods Procured – HBC.

As described in the previous section, HBC operates the goods procured within HBC's supply chain are divided into the categories of equipment for operating the farm and feed as well as welding supplies. A risk assessment over goods within these categories has been conducted and these goods were not identified within the two indices, therefore concluding a low-inherent risk exists.

Goods Procured – Northway

As described in the previous section, the goods procured within Northway's supply chain include cattle and feed purchases. A risk assessment over the goods within these categories identified an initial inherent risk of forced and/or child labour among the products of cereal grain (barley) and cattle.

Remediation of Forced & Child Labour

To mitigate the risk of child labour and forced labour within supply chains, the Entities have recognized 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 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.

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.

Other relevant training is provided to members on general safety and job specific topics. Members who are working at the Entities receive training through a combination of formal and informal methods. New personnel are initially expected to observe and participate in meetings and job shadowing to gain an understanding of the work environment and expectations. This observational period is followed by more structured training, which may include job-specific courses aligned with their responsibilities. Mentorship is also a key component of the training approach where members receive guidance and supervision as they develop the necessary skills. Overall, the training process incorporates observation, formal education, mentoring, and supervised practice to ensure readiness before independent work is undertaken.

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 a process in place to report any issues that arise at the workplace. Every job entity has a foreman who oversees all their workers. Any safety concerns, issues, or need for change are brought forward to the foreman. If needed, the reported incident would be escalated first to management and then to the council meetings to help resolve the issue.
2. **Daily discussions:** The Entities conduct daily discussions before the workday begins to discuss daily activities and precautions with regular verbal communication on safety procedures and operations.


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. When dealing with suppliers, the entities visit most of their suppliers to observe their operations to help assess the reliability of the supplier.
5. **Developing and implementing training and awareness materials on forced labour and/or child labour:** the Entities recognize the opportunity to enhance training relevant to this Act.
6. **Developing and implementing procedures to track performance in addressing forced labour and/or child labour:** The Entities conduct daily conversations for the workday to reiterate the importance of safety procedures within their daily operations.

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.

<u>Albert Stahl</u>	<u></u>
Full Name	Signature
<u>Sec/Treas, Director</u>	<u>May 29/25</u>
Title	Date

I have the authority to bind Hutterian Brethren Church of Cleardale and all Hutterian Brethren Church of Cleardale - owned legal entities including Cleardale Colony Ltd. And Northway Cattle Company.