

Hutterian Brethren of Codesa

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 Codesa’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 Codesa (business number: 862943164), Codesa Colony Farming Co. Ltd. (business number: 859478158), Codesa Colony Equipment Co. Ltd. (business number: 854525250), Codesa Planning Co. Ltd. (business number: 834550337), and 2086618 Alberta Ltd., (business number: 746417880)

Hutterian Brethren of Codesa controls Codesa Colony Farming Co. Ltd. (“Farming Co.”), Codesa Colony Equipment Co. Ltd. (“Equipment Co.”), Codesa Planning Co. Ltd. (“Planning Co”), and 2086618 Alberta Ltd. 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 five entities covered by this report is for the year ending December 31, 2024.

Structure, Activities & Supply Chain

Hutterian Brethren of Codesa

Hutterian Brethren of Codesa (“the Colony”) is a group of 69 family members. This Colony operates on approximately 19,000 acres of land, 18,000 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 of or import of goods produced as they relate to the Act stemming from the Hutterian Brethren of Codesa, Farming Co., Equipment Co., Planning Co., and 2086618 Alberta Ltd (“the Entities”).

Farming Co., Equipment Co., Planning Co, and 2086618 Alberta Ltd.

Structure

Collectively, the Farming Co., Equipment Co., Planning Co., and 2086618 Alberta Ltd. operate the farming operations of the Colony. The operations are located at Box 300, Eaglesham, AB, T0H 1H0.

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

Activities

The Hutterian Brethren of Codesa is the holding company that holds the land, buildings, and quota. And does not have any procurement activity. Farming Co. operates the main farming operations, which include crop, cattle, hogs, and eggs.

Equipment Co. holds the Colony's farm equipment and vehicles like combines, tractors, trucks, etc. All of the purchases and sales in this company are related to equipment and vehicles.

Planning Co. does not have any operations and currently only holds the Colony's layer barn through a capital lease. 2086618 Alberta Ltd. 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 approximately 0.5% or more of the total procurement spend over the 2024 fiscal year were reviewed.

Given the nature of the farming operations, the company sources a range of goods, primarily encompassing cattle, crop purchases, supplies, farming equipment and parts, and feed purchases. The Colony sources these materials from suppliers within Canada and the United States.

From the material vendors used by the entities, 82% of procurement was directed towards vendors located in Canada, while 18% was spent on vendors in the United States. See figure 1 for a breakdown of procurement by country.

In 2024, 48% of purchases were for cattle from local Canadian suppliers only. Farming equipment and parts purchases account for 26% of the total spend. Crop purchases and supplies, which include chemicals, fertilizer, seed, as well as potatoes, account for 19% of the total spend. Farming equipment purchases and crop purchases and supplies comprised of both Canadian and US suppliers.

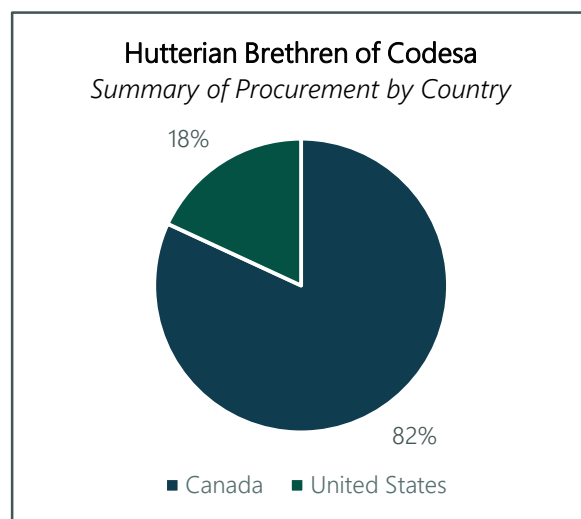


Figure 1: Summary of Procurement by Country

Additionally, in 2024, 6% of purchases are feed, which includes corn, barley, premix minerals, salt, and distiller grains.

Other farm supplies such as fuel and poultry each account for 1% of total purchases. See Figure 2 for a breakdown of these goods.

Hutterian Brethren of Codesa, Planning Co., and 2086618 Alberta Ltd’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.

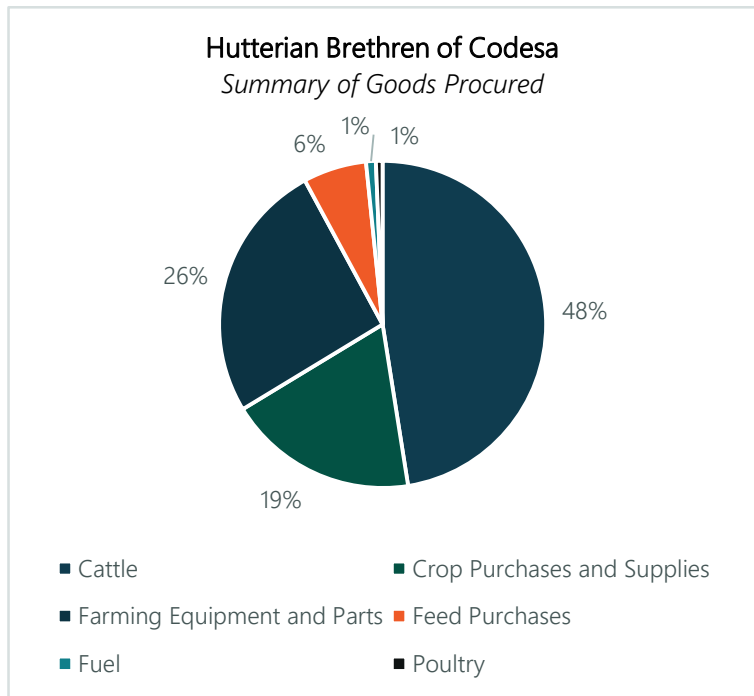


Figure 2: Summary of Goods Procured

Policies & Due Diligence Processes

The Colony has recognized that there are no formal policies and procedures related to identifying, addressing, and prohibiting the use of forced labour and/or child labour in their activities and supply chains. In general, Colony management oversee all operations and have a strong understanding of what is happening within the Colony.

There are no formalized policies with respect to the selection of suppliers. However, supplier reputation is a strong driver of preferred procurement relationships. Additionally, all new suppliers are brought forth to Colony front bench for approval. The Entities have stated that they have zero tolerance when it comes to the topic of forced labour and/or child labour and would switch supplier immediately if there was a risk of forced and/or child labour within the supply chain.

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 approximately 0.5% 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

The Entities 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 and the United States, where both countries are 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 cattle, farming equipment and parts, crop purchases and supplies, feed purchases, fuel and poultry 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. Cattle
2. Crop purchases: cereal grain, wheat, pulses (legumes), and potatoes
3. Feed purchases: corn; and
4. Poultry.

Goods Procured – Equipment Co.

As described in the previous section, the goods procured within Equipment Co.'s supply chain only include farming equipment and parts. 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 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. Training approaches and options are being evaluated for appropriateness.

Assessing Effectiveness

To mitigate the risk of child labour and forced labour, the following mechanisms are in place relevant to assessing effectiveness:

1. Daily meetings: The Entities conduct daily morning meetings where any issues that arise are discussed, and if any relevant issues would be identified they would bring forward to the Minister of the Colony who would then escalate the issue to the front bench. In addition, the Colony recognizes the importance of maintaining a culture of safety and living as a community, so everyone is encouraged to avoid unethical forced labour activities.
2. Supplier relationship: The Entities rely on supplier reputation when it comes to procurement relationships and have zero tolerance when it comes to the topic of forced labour and/or child labour.

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.
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 engage with other farmers in the area and other colonies on issues that arise. Leadership have discussions about child and forced labour if necessary and the Colony takes guidance from these leaders.

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.

Jerry m wipf
Full Name

Jerry M Wipf
Signature

Fore man
Title

May 30 - 2025
Date

I have the authority to bind Hutterian Brethren of Codesa and all Hutterian Brethren of Codesa - owned legal entities including Codesa Colony Farming Co. Ltd., Codesa Colony Equipment Co. Ltd. Codesa Planning Co. Ltd, and 2086618 Alberta Ltd.