

## **Forced Labour And Child Labour Report**

### **Introduction**

This Forced Labour and Child Labour Report (this “**Report**”) is made pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), also known as the Modern Slavery Act (the “**Act**”) for the financial year ending July 31, 2023.

This Report is a report which applies to, and describes the steps taken by, Dairy Farmers of Manitoba (“DFM”) to mitigate forced labour and child labour in our organization’s operations and supply chains, which steps continue to evolve.

In this Report, Dairy Farmers of Manitoba is hereinafter referred to DFM or “**we**”, “**us**” or “**our**” except where the context otherwise requires.

### **Respect for Human Rights**

DFM fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. In applying the lens of the UNGPs, we have assessed the potential for our operations to cause, contribute to, or be directly linked to adverse human rights impacts, including forced labour and child labour. For the reasons described in this statement, we remain of the view that there is low risk that our operations have caused or contributed to child labour or forced labour. We have started to review our policies and procedures to assess whether the operations of our suppliers who provide goods used in our production and distribution processes cause or contribute to adverse human rights impacts.

DFM has a risk based due diligence approach on forced labour and child labour. The Act came into force on January 1, 2024. While as of the end of the last Financial year DFM had not taken any material steps to identify and assess the risk of forced labour and child labour, following a risk-based approach, we are committed to continuous improvement in our policies and processes.

## **Corporate Structure, Activities and Supply Chains [Section 11(3)(a) of the Act]**

### **Corporate Structure**

DFM is a corporation established under the Dairy Farmers of Manitoba Marketing Plan Regulation which was enacted pursuant to The Farm Products Marketing Act. Under that statute and regulation DFM is to promote, regulate and manage the production of milk, within the Province of Manitoba.

DFM has a subsidiary, Horizon Lab Ltd. however that subsidiary is not a reporting entity under the Act. Horizon lab Ltd. carries on milk component and quality testing. DFM is also a shareholder in DIW Buildings & Land Corporation, which corporation is constructing a milk concentration plant in Alberta. DIW Buildings & Land Corporation is not a reporting entity under the Act.

### **Activities**

DFM has direct operations in Manitoba. DFM was established in 1974 and is headquartered in Winnipeg, Manitoba. DFM is involved promotion, regulation and management of the production of milk, dairy products and substances produced in processing milk within the Province of Manitoba and under its governing regulation DFM may purchase, store, process, transport or sell milk. DFM is a non-profit corporation that manages the raw milk supply in Manitoba and sells the raw milk on behalf of all dairy farmers in Manitoba to dairy processors. The monies DFM collects from dairy processors, after taking off an administrative fee from farmers, is paid out to farmers based on an average price. DFM pays bulk milk haulers to pick up the milk at the farm and deliver it to Canadian dairy processors.

As of July 31, 2023, DFM and its wholly owned subsidiary employed 28 full-time employees. DFM and its subsidiary also employed 8 part-time people throughout the year. DFM and its wholly owned subsidiary have no employees resident outside of Canada.

DFM's employee salaries are reviewed regularly, including against the Consumer Price Index (CPI) in Canada to determine cost of living increases. DFM has established compensation policies, including compensation grids, which are reviewed regularly. Permanent full-time employees of DFM are eligible for employer-paid benefits, an employer-matched pension plan, and DFM provides an Employee Assistance Plan (EAP) that supports mental, social, physical and financial health of DFM employees.

DFM has established organization guidelines and operating practices which govern operations including the hours of operation, employee job descriptions and salary ranges, and safety policies and procedures for employee protection.

### **Supply Chain and Operations**

#### **Milk purchased directly by DFM**

In the financial year ended July 31, 2023. DFM purchased \$353,840,939 of milk from Manitoba dairy farmers. In addition, DFM sold \$354,837,559 of milk during that financial year.

## **Goods and Services Procured Directly by DFM to Support our Operations**

DFM procures various services and goods (other than milk) to support its operations. DFM's specific supply chain profile remains the same year-on-year. The types of goods (other than goods for resale) and services procured by DFM from its suppliers consist of:

- Office equipment and supplies/consumables/promotional materials
- Technology and IT
- Travel and accommodation
- Facilities management
  - o Cleaning, sanitation, grounds upkeep, and maintenance

DFM also procures professional (legal and accounting), investment and insurance services to support its operations.

Risks of modern slavery may exist in the outer tiers of the supply chain supporting DFM's operations. Raw materials included in the manufacture of computer hardware, electronics, textiles, and office furniture rely on ingredients sourced globally often from countries with a higher prevalence of, and vulnerability to forced labour and child labour. As well, there is risk of forced labour and debt bondage in services provided by third party companies such as property maintenance, cleaning, food services, transportation, courier, and accommodations. These industries may involve employers withholding wages, excessive working hours, complex and opaque subcontracting arrangements, and workers on temporary visas with limited bargaining power and awareness of their rights at work.

Our suppliers to support DFM's operations are primarily domiciled in Canada, and we are of the view that our supply chains and activities for the types of goods and services procured by DFM carry a low risk of the use of child labour and forced labour.

### **Steps taken during last financial year to prevent and reduce risk that forced labour and child labour used in supply chain [Section 11(1) of the Act]**

Other than obtaining proof of age from permanent full time employees, and verbal communication with term or part time employees, and having in place an Employee Handbook, DFM did not take steps during the last 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 for goods distributed by DFM or of goods imported into Canada by DFM. While DFM's Employee Handbook includes an overtime policy and requirements with respect to a respectful workplace. The Employee Handbook does not specifically address child labour and forced labour.

### **Policies and Due Diligence Processes in relation to forced labour and child labour [Section 11(3)(b) of the Act]**

#### *Our Operations*

DFM has certain internal policies and processes in place to promote and ensure compliance with applicable laws (including in respect of employment and human rights) in Canada where DFM has

operations. These policies include an Employee Handbook as noted above. Those policies do not currently specifically reference child labour and forced labour.

During the hiring process for prospective candidates, DFM asks that employees provide their age to us as explained above, and DFM obtains copies of work permits to ensure all employees have the right to work in Canada. Any overtime hours worked must be voluntarily and mutually agreed to by the employee and their manager. Any work outside of usual hours, such as in the evening, overnight or weekend, or calls into work of an employee, are paid in accordance with the applicable report-to-duty rates. All employees are paid their wages via an electronic transaction and receive a pay slip.

#### *Our Supply Chain*

As of the end of the last financial year DFM did not have any policies or due diligence processes in place specifically for child labour and forced labour with respect to identifying, assessing and mitigating risks of child labour and forced labour in its supply chain which supply chain includes suppliers of agricultural products.

#### **Risk Assessment and Management of Risk [Section 11(3)(c) of the Act]**

##### *Our Operations*

DFM has assessed our operational risk for our own employees of child labour and forced labour as low. DFM's management of that risk for our own employees is described above. We believe DFM is following labour and employment laws in Canada.

##### *Our Supply Chain*

As of the end of the last financial year DFM had not completed any assessment and identification of which parts of its supply chain which may carry a risk of forced labour or child labour. With respect to agricultural products, we expect any farmers of agricultural products who sell products to us to comply with child labour laws in Canada. We do not require our agricultural suppliers to confirm if they are following such child labour laws.

#### **Forced Labour and Child Labour Remediation Measures [Section 11(3)(d) of the Act]**

DFM is not currently aware of any forced labour or child labour practices occurring within its supply chain or in its activities. Accordingly, DFM has not undertaken any measures to remediate any forced labour or child labour to date.

#### **Loss of Income - Remediation Measures [Section 11(3)(e) of the Act]**

DFM is not currently aware of any forced labour or child labour practices occurring within its supply chain. Accordingly, DFM has not undertaken any measures to remediate any loss of income relating to any forced labour or child labour to date.

**Training to Employees on Forced Labour and Child Labour [Section 11(3)(f) of the Act]**

DFM currently does not provide formal training to its employees on forced labour and child labour.

**Assessing Our Effectiveness [Section 11(3)(g) of the Act]**

DFM currently does not have any mechanism or process in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

**Approval and Attestation [Section 11(4) and (5) of the Act]**

This Report was approved by the Board of Directors of Dairy Farmers of Manitoba in accordance with Section 11(4)(a) of the Act on May 31, 2024. 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 Dairy Farmers of Manitoba. 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.



- I have authority to bind Dairy Farmers of Manitoba

Signature

Name: Henry Holtmann

Title: Chair

Dated: May 31, 2024