



Amalgamated Dairies Limited

## Modern Slavery Act Report

Fiscal Year ending December 31st, 2023

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### Introduction

Forced labour and child labour persist as significant challenges in contemporary society. The enactment of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“the Act”) aims to enhance transparency among business entities operating within Canada regarding their efforts to prevent and reduce the risk of forced labour and child labour in their operations and supply chains. This report outlines the actions undertaken by Amalgamated Dairies Limited (“ADL”) from January 1st to December 31st, 2023, to mitigate the risks associated with forced labour and child labour within our operations and supply chain.

### Structure and Activities

ADL is a dairy cooperative collectively owned by all dairy farmers on Prince Edward Island (“PEI”), Canada. ADL maintains a workforce comprised of 360 employees located across PEI, engaged in operations spanning six distinct locations (five processing plants and one food distribution warehouse). These premises include one retail food distribution location engaged in the buying and selling of food and beverage products, as well as five manufacturing facilities within PEI, with a head office located in Summerside, PEI. ADL’s product portfolio encompasses a diverse range of dairy products, both under private label branding and ADL’s proprietary branding, primarily distributed throughout Canada. ADL’s manufacturing operations encompass the production of a wide variety of cheese, ice cream mix, evaporated and sweetened condensed milk, butter, and fluid milk products.

ADL’s primary purchase is milk from our member-owners which is allocated to our five processing facilities located across PEI. Milk production on the farm level, milk pricing, and milk allocation are highly regulated in Canada and focused on ensuring producers have fair participation in the value chain. Our workforce is governed by four separate union contracts and is our second biggest input to our business. Milk purchases and labour needs represent 65% of total expenditures and 85% of direct manufacturing costs.

For a small regional Co-op, ADL offers a diverse array of products and services. The core of our supply chain consists of the primary commodities, such as milk and labor, for producing our dairy products. ADL procures a range of ingredients, packaging materials, food and beverage products, and manufacturing components from a blend of local and international sources. This underscores the importance of responsible sourcing and our commitment to continually improving our procurement practices and processes.

### Steps taken to address the risk of forced labour and child labour

During 2023, ADL undertook various measures to prevent and reduce the risk of forced labour or child labour within our operations and supply chain.

### Company policy in relation to forced labour and child labour

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Internally, ADL adheres to the ADL Social Compliance Policy (“the Policy”), which mandates compliance with all relevant laws and regulations in Canada and the Province of Prince Edward Island. This includes legislation pertaining to forced labour and child labour, such as the Prince Edward Island Employment Standards Act and the Youth Employment Act. Aligned with the core tenets of this legislation, the Policy incorporates key provisions related to forced labour and child labour. Following the Policy, recruitment procedures at ADL ensure that only voluntary employment seekers are considered, with job offers extended on a non-obligatory basis. Additionally, every ADL employee must meet the prescribed minimum legal working age, as outlined in the applicable legislation, or be at least 14 years of age, whichever is greater.

### **Supplier compliance**

Ingredient and packaging supplier relationships at ADL are managed by the directives outlined in the ADL Supplier Request Letter, delineating requisite documentation to be signed and dated by said suppliers, including the ADL Social Compliance Agreement (“the Agreement”). The Agreement incorporates provisions concerning forced labour and child labour, ensuring suppliers exclusively engage voluntary workers meeting the prescribed minimum legal working age. In instances where ingredient or packaging suppliers decline to execute the ADL Social Compliance Agreement, submission of the supplier’s social policies becomes imperative. If an ingredient or packaging supplier cannot provide documentation demonstrating compliance with social policies, they are ineligible for procurement of goods. Suppliers who have executed agreements with ADL are integrated into an approved supplier list, specifying those suppliers of ingredients and packaging who have submitted the necessary documentation. Said lists are individually formulated for each ADL facility and are monitored and upheld by the Quality Assurance department to ensure all documentation is current.

### **Grievance mechanisms**

To ensure adherence to all corporate policies and procedures, ADL maintains an anonymous hotline accessible to every employee across all facilities. This avenue facilitates the reporting of grievances, including any suspected instances of forced labour or child labour, ensuring swift and appropriate escalation and, if necessary, required redressal.

### **Remediation**

To date, no instances of forced labour or child labour have been identified or reported within our operations or supply chains, so no remediation measures have been necessary. Additionally, there have been no cases of income loss for vulnerable individuals or families due to our efforts to eliminate forced labour or child labour, as no such instances have been identified or reported.

### **Next Steps**

Recognizing the importance of upholding human rights and addressing the risks of forced labour and child labour, ADL is committed to continuous improvement in preventing and reducing the risks associated with these issues within our operations and supply chain. In 2024, we are implementing the following steps to enhance our efforts:

- **Formation of a Social Compliance Supply Chain Committee:** Comprised of representatives from supply chain/procurement, sustainability, and quality assurance, this committee shall further identify and evaluate risks within our supply chain and develop additional mitigation strategies. This includes the development of strategies to extend the ADL Social Compliance Agreement to suppliers beyond our primary ingredient and packaging suppliers.

- **Enhanced Training:** In addition to our current annual training on human rights topics such as anti-harassment, health and safety, and positive workplace culture, we will introduce topics on the prevention and reduction of forced labour and child labour to develop further awareness among all ADL employees.

### Statement of 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 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.

DocuSigned by:

*Chad Mann*

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**Chad Mann, CPA, CGA**  
Chief Executive Officer,  
Amalgamated Dairies Limited  
May 23<sup>rd</sup>, 2024

DocuSigned by:

*Michael MacDonald*

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**Michael MacDonald**  
President – Board of Directors,  
Amalgamated Dairies Limited  
May 23<sup>rd</sup>, 2024