

# **Gay Lea Foods Co-operative Ltd.**

*Fighting Against Forced Labour and Child Labour in Supply Chains Act Report*

*Reporting Year 2023*

## Executive Summary

Gay Lea Foods Co-operative Limited (“Gay Lea Foods”), is a Canadian dairy product manufacturer that produces exceptional products for retail, foodservice, industrial and export markets. The co-operative is 100% Canadian-owned, with members on more than 1,300 dairy farms in Ontario and Manitoba, and more than 4,000 producer and investor shareholders.

Gay Lea Foods is committed to transparency in reporting and its obligation to ensure that no forced or child labour is used throughout its portfolio of entities or supply chain. The co-operative's values of open dialogue, accountability, and relentless pursuit of improvement are instilled into its collaborative business approach. Activities spanning the production and supply chain include careful identification and monitoring of suppliers and the responsible sourcing of raw materials. With consideration to Canada's *Labour Standards Regulations*, Gay Lea Foods is committed to preventing and reducing the risk of forced and child labour, and to implementing policies and practices to create a workplace environment that values the rights and dignity of its labour force.

Supplier management is a critical aspect of Gay Lea Foods' commitment. As of 2023, the co-operative requires all suppliers to review and adhere to a Supplier Code of Conduct, outlining its expectations with regard to forced and child labour, and complete a Supplier Declaration Questionnaire. The co-operative, inclusive of its entities, evaluates suppliers through a Sustainability Risk Matrix, grouping them based on sustainability risk levels and following up with communications regarding corresponding expectations.

Gay Lea Foods' comprehensive approach, including internal and external policies, supplier engagement, and due diligence practices, reflects the co-operative's commitment to ethical and sustainable practices throughout its supply chains. **In 2023, Gay Lea Foods and its entities have not identified forced labour or child labour risks, or instances related, within any aspects of its activities or supply chain.**

## **Preventing and Reducing Risks of Forced Labour and Child Labour**

Gay Lea Foods is committed to ethical practices and social responsibility that recognizes the importance of preventing modern slavery within its operations and supply chains. Functioning as a democratic, member-led co-operative enables Gay Lea Foods to embody the values of collaboration and shared responsibility. This reflects its commitment to a member-focused and community-driven approach, fostering open dialogue and accountability, and the relentless pursuit of improvement. Collaborative decision-making supports Gay Lea Foods' commitment to procure, produce, sell, and distribute highly ethical goods.

Gay Lea Foods prioritizes food safety, sustainability, quality, and the well-being of all stakeholders in carrying out its activities. In its role as a Canadian-owned and operated dairy food and beverage manufacturing co-operative, Gay Lea Foods recognizes the importance of responsible procurement, sourcing, production, sale, and distribution, of all goods. The co-operative is proud to be a significant employer in Canada, employing close to 1,400 employees across the country. Gay Lea Foods provides a wide range of employment opportunities and promotes fair labour practices, valuing the contributions of its diverse workforce. As a co-operative, stakeholder membership consists of farmers on more than 1,300 dairy farms across Ontario, and Manitoba, as well as investors and employees.

Under its portfolio of entities, inclusive of Bothwell Cheese Inc, Alberta Cheese, Grober Nutrition, Ladouceur Milk Transport and Hewitt's Dairy Limited, Gay Lea Foods ensures that all brands adhere to consistent high standards. This includes transparency in reporting and a commitment to eradicating forced labour and child labour by proactively assessing its supply chain. Its business activities encompass the sourcing, processing, production, sale, and distribution of goods while maintaining a clear understanding of the kinds and volumes of goods involved at each stage.

To prevent and reduce the risk of forced labour or child labour, Gay Lea Foods has taken the following steps in the previous financial year:

- Mapping supply chains
- Conducting an internal assessment of the risks of forced labour and/or child labour in the organization's activities and supply chains
- Developing and implementing an action plan for addressing forced labour and/or child labour
- Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour
- 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
- Requiring suppliers to have policies and procedures in place for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains

- Monitoring suppliers
- Enacting measures to provide for, or cooperate in, the remediation of forced labour and/or child labour
- Developing and implementing grievance mechanisms
- Developing and implementing procedures to track performance in addressing forced labour and/or child labour
- Engaging with supply chain partners on the issue of addressing forced labour and/or child labour

Canadian dairy product manufacturers source the primary inputs of their products, milk, from Canadian dairy farmers. Gay Lea Foods actively engages with partner organizations that share its commitment to ethical and responsible business practices. Its membership in industry groups and associations further strengthens its ability to address challenges collectively. Given the unique nature of the supply arrangements in a supply-managed system that exists between provincial and federal organizations and dairy processors, and understanding that labour laws applicable to Canadian dairy farmers fall under provincial jurisdiction, the Dairy Processors Association of Canada (DPAC) have issued a letter on our behalf to all provincial milk boards and is found in Appendix A. This letter requests information regarding the steps that the federal and provincial milk boards and the dairy farmers represented by them have taken during the last financial year, if any, to prevent and reduce the risk that forced, or child labour was used as part of dairy farming operations.

Gay Lea Foods understands the importance of transparent and responsible supply chain management. The co-operative meticulously identifies and monitors direct and indirect suppliers and service providers, both within Canada and internationally. Gay Lea Foods' commitment extends to sourcing raw materials responsibly. Gay Lea Foods encourages a collective commitment to eradicating modern slavery and is unwavering in its pursuit of ethical and sustainable practices within the co-operative and throughout supply chains.

### **Policies and Due Diligence Processes**

All Gay Lea Foods employees work within Canada and the co-operative is in compliance with *Canada's Labour Standards Regulations*. The co-operative affirms its dedication to preventing forced and child labour in all aspects of its business by enforcing effective labour force policies. In addition to federal labour standards regulations, Gay Lea Foods adheres to all provincial and municipal employment standards in the jurisdictions it operates. This is primarily in Ontario, but also extends to other provinces in Canada.

### ***Labour Force Policies and Procedures***

Gay Lea Foods policies and practices are designed to create a workplace environment that values and respects the rights and dignity of its labour force. Below is a comprehensive list of the policies Gay Lea Foods employees are required to adhere to, and that enable the prevention of forced and child labour within its workforce:

- Ethics Policy: Ensures employees adhere to a set of guidelines and standards regarding ethical and legal business principles in which the co-operative requires that employees comply with all applicable laws and Gay Lea Foods policies including health, safety and environmental laws and regulations, HACCP regulations, and federal and provincial laws.
- Hiring and Posting Policy: The minimum age for employees to operate any forklift, scissor lift, electric walkie, fall protection, confined spaces, and work nightshifts or perform night work is 18; otherwise, the minimum age for employees working at Gay Lea Foods is 16.
- Code of Conduct: All Gay Lea Foods employees are required to adhere to the company's Code of Conduct upon onboarding, specifically emphasizing support and adherence to principles 4 and 5 of the 10 United Nations Global Compact Principles; support the elimination of all forms of forced and compulsory labour and the effective abolition of child labour.

### ***Procurement Policies and Procedures***

Gay Lea Foods has developed and implemented comprehensive policies and procedures specifically addressing modern slavery, including forced and child labour. These policies and procedures are communicated to all employees and stakeholders at onboarding and throughout their tenure at Gay Lea. They emphasize the co-operative's commitment to ethical business practices and compliance with relevant laws and regulations, including *Canada's Modern Slavery Act*.

Gay Lea Foods recognizes the importance of understanding and mitigating the risks of modern slavery within its supply chains. To achieve this, the company conducts thorough due diligence assessments of its suppliers, including evaluations of their labour practices, to identify and take steps to eliminate any potential risks related to forced and child labour. This includes embedding responsible business conduct into its policies and management systems, identifying and assessing adverse impacts in its operations and supply chains, and implementing measures to cease, prevent, or mitigate any identified adverse impacts. Gay Lea Foods prioritizes suppliers who share its commitment to ethical sourcing and human rights.

- Supplier Code of Conduct (Est. 2023): The Supplier Code of Conduct enables Gay Lea Foods to assess parts of its business and supply chains that carry a risk of forced labour or child labour being used. All current and future suppliers of Gay Lea Foods must adhere to the code of conduct, which requires each supplier to:

- Comply, at a minimum, with human rights and employment legislation requirements of the jurisdiction(s) in which it operates and, without prejudice, expect the same from its suppliers and service providers.
- Respect the rights of its employees, suppliers, competitors, customers, consumers, government, and other stakeholders.
- Have zero tolerance for child labour or forced labour practices in accordance with Canadian federal and provincial law
- In the absence of foreign country legal or regulatory requirements, standards, and/or codes of practice, the following international labour and human rights standards (the “International Standards”) are deemed to be the minimum requirement. Therefore, if the foreign country regulatory requirements are lower than the International Standards, the International Standards shall prevail and govern:
  - ▪ United Nations Guiding Principles on Business and Human Rights
  - ▪ International Labour Organization (ILO)

Failure to comply with the Supplier Code of Conduct may result in consequences ranging from documented corrective actions, through to termination of contract(s)/ agreement(s)/ relationship(s), depending on the nature of the non-compliance, as determined by Gay Lea Foods.

- Supplier Declaration Questionnaire (Est. 2023): All current and future suppliers of Gay Lea Foods must fill out a Supplier Declaration Questionnaire and provide corresponding documented policies and procedures that apply to them, inclusive of any human rights and employment standards policies that addresses zero tolerance for child labour.
- Supplier Tracker and Sustainability Risk Matrix (Est. 2023): All suppliers are evaluated within a Sustainability Risk Matrix where a Sustainability Risk Score is determined, grouping suppliers into 3 compliance categories: Green (low risk), Yellow (Medium Risk), Orange (High Risk). Corresponding expectations of suppliers are then communicated to the supplier.
- The following information provided by suppliers is assessed within the Sustainability Risk Matrix:
  - Supplied item type
  - Supplied item category
  - High sustainability risk ingredient
  - Supplied item country of origin
  - Supplier third-party reporting or certification
  - Product certification
  - Policies and procedures related to environmental, social, and governance standards (inclusive of forced or child labour standards within the company)

There have been no cases of forced or child labour identified in Gay Lea Foods’ supply chain as of the date of this report. Therefore, Gay Lea Foods has not required the implementation of measures to remediate any forced labour or child labour or 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.

Ensuring that employees are aware of the signs of modern slavery and human trafficking is essential for early detection and prevention. Therefore, Gay Lea Foods will develop and begin to execute regular, mandatory training sessions and awareness programs to educate staff about the risks associated with modern slavery and empower them to report any concerns or suspicions.

Gay Lea Foods regularly monitors and evaluates its efforts to ensure ongoing compliance with *Canada's Modern Slavery Act* and other relevant legislation. Additionally, it maintains transparent reporting mechanisms to encourage whistleblowing and, when necessary, facilitates the reporting of any instances or suspicions of modern slavery within the organization and supply chain.

### **Attestation – Reporting Year 2023**

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.

I have the authority to bind Gay Lea Foods Co-operative Limited.

Full name: Rob Goodwill

Title: Chair of the Board, Gay Lea Foods Co-operative Ltd.

Date: May 9, 2024

Signature:

*Rob Goodwill*

# APPENDIX A



*Sent Via Email*

March 11, 2024

Nolan Berg  
CEO  
Western Milk Pool

Cheryl Smith  
CEO  
Dairy Farmers of Ontario

Geneviève Rainville  
General Manager  
Les Producteurs de lait du Québec

Steve Michaud  
General Manager  
Dairy Farmers of New Brunswick

Ann Landers  
Interim General Manager  
Dairy Farmers of Nova Scotia

Doug Thompson  
General Manager  
Dairy Farmers of PEI

Lee Noel  
Chair  
Dairy Farmers of Newfoundland & Labrador

## **Re: Reporting and Compliance Requirements Under the Supply Chains Act**

Dear colleagues,

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* came into force on January 1, 2024. This Act, previously referred to as Bill S-211 and commonly known as the “Supply Chains Act”, requires certain private-sector entities to report on the measures taken to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains. The Act further provides for an inspection regime and gives the Minister of Public Safety the power to require entities to provide certain information.

As a result of this new legislation, Canadian dairy processors of a certain size as defined in the Act must submit an annual report to the Minister of Public Safety by May 31 of each year detailing the steps they have taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains. These reports must be made public, both through Public Safety Canada’s website and each reporting dairy processor’s company website.

Canadian dairy processors source their primary inputs from dairy farmers. Given the unique nature of the supply arrangements that exist between your organizations and dairy processors, and understanding that labour laws applicable to Canadian dairy farmers fall under provincial jurisdiction, your cooperation is key to ensuring that Canadian dairy processors comply with the legislation and meet their reporting requirements under the Act.

We therefore kindly ask that you please outline to us:

- The steps that you and the dairy farmers you represent have taken during your last financial year, if any, to prevent and reduce the risk that forced labour or child labour was used as part of dairy

farming operations in your province. Please note that the definitions of “forced labour” and “child labour” used in the Act are attached to this letter for reference.

- Any policies and due diligence processes that you and dairy farmers operating in your province might have in relation to forced labour or child labour.
- Any training provided to/by dairy farmers and/or their employees on forced labour and child labour.
- How your organization and the farmers you represent assess your effectiveness in ensuring that forced labour and child labour are not being used by dairy farmers and their suppliers.

We thank you in advance for your collaboration and would appreciate receiving your responses by Friday, April 5, 2024. Should you have any questions or comments concerning this request, please contact any of us at your earliest convenience. For reference, you will find enclosed links on where to find additional information about the Act and its requirements.

Yours truly,



Mathieu Frigon  
President & CEO  
Dairy Processors Association of Canada



Charles Langlois  
President and CEO  
Conseil des industriels laitiers du Québec



Christina Lewis  
President  
Ontario Dairy Council



Dan Wong  
President  
Western Dairy Council

c.c.: Jacques Lefebvre, Dairy Farmers of Canada

Encl: (1)

## **Definitions of “Forced Labour” and “Child Labour” Under the Act**

**child labour** means 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. (travail des enfants)

**forced labour** means labour or service provided or offered to be provided by a person under circumstances that

**(a)** could reasonably 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. (travail forcé)

Source: <https://laws.justice.gc.ca/eng/acts/F-10.6/FullText.html>

### **For Additional Information:**

Public Safety Canada – Forced Labour in Canadian Supply Chains:

<https://www.publicsafety.gc.ca/cnt/cntrng-crm/frcd-lbr-cndn-spply-chns/index-en.aspx>