



**The Canadian Forced and Child Labour in Supply Chains Act**

**'NUTRECO CANADA'**

**ANNUAL REPORT 2023**


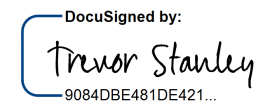
## Attestation

This report covers obligations under the Canadian Forced and Child Labour in Supply Chains Act. To meet requirements of this act, the entities listed below have elected to jointly write this annual report. In this report these entities are together indicated as 'Nutreco Canada'. Since the value chain of 'Nutreco Canada' materially coincides with that of other entities of the Nutreco group, the value chain is described in this report at Nutreco group level. The same applies to risk management activities throughout the value chain.

Legal name entities	Address	Business number
2542-1462 Quebec Inc.	4401 rue Crépeau Saint-Félix-de-Valois (Québec) J0K2M0	1142296111
2969-1821 Quebec Inc.	4780 rue Martineau Saint-Hyacinthe (Québec) J2R1V1	1143929934
6804373 Canada Inc.	2100-1000 rue De La Gauchetière O Montréal (Québec) H3B4W5	855094959RC0001
Clark's Poultry Inc.	Brandon Airport Business Park, Brandon, MB R0K 0W0	8728 20493 RC0002
Couvoir Scott Ltée.	1798 rte du Président- Kennedy Scott (Québec) G0S3G0	1143725241
Ferme Baril de St.-Félix Inc.	6261 ch. de Saint-Jean Saint-Félix-de-Valois (Québec) J0K2M0	1142438879
Ferme Berthier Inc.	740, Rang du Fer à Cheval Berthierville (Québec) J0K1A0	1142439018
Ferme Gaston Inc.	1481, Chemin Joliette, Saint-Félix-de-Valois (Québec)	1142439182
Ferme Léo Hénault Inc.	191 rang des Moulanges Saint-Apollinaire (Québec) G0S2E0	1142439976
Groupe Lactech Inc.	236 rue Sainte-Geneviève Saint-Isidore (Québec) G0S2S0	1165577579
Les Immeubles Lactech Inc.	236 rue Sainte-Geneviève Saint-Isidore (Québec) G0S2S0	3365585382
Newtech Feed Inc.	4780 rue Martineau	1167029017

	Saint-Hyacinthe (Québec) J2R1V1	
Newtech Feed L.P.	4780 rue Martineau Saint-Hyacinthe (Québec) J2R1V1	3367038653
Poirier-Bérard Ltée.	4401 rue Crépeau Saint-Félix-de-Valois (Québec) J0K2M0	1149060882
Skretting Canada Inc.	1370 East Kent Avenue Vancouver, BC V5X 2Y2	139857296RC0003
Trouw Nutrition Canada Inc.	7504 McLean Rd Puslinch ON N0B 2J0	856704754RC0002

The persons in the table below are authorized to bind these legal entities. In accordance with requirements of the Act, and in particular section 11 thereof, they attest that they have reviewed the information contained in the report for the entities listed above. Based on their knowledge, and having exercised reasonable diligence, they 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 2023.

Full Name	Title	Date	Signature
Maarten Bijl	Managing Director Business Unit Nutreco North America	May 29, 2024	DocuSigned by:  A6546F0824E0445...
Trevor Stanley	Managing Director Skretting North America	May 29, 2024	DocuSigned by:  9084DBE481DE421...

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## Introduction

At 'Nutreco Canada', we are part of the global animal nutrition value chain. It is our goal to pioneer advancements in animal nutrition and aquafeed, striving to sustainably meet the rising food demands of a growing population. As part of this, we recognise the importance of human rights and ensuring the respect and dignity of all workers. Our purpose of Feeding the Future reflects our dedication to innovation, quality and sustainability, ensuring that we contribute positively to global food security while respecting the planet and its inhabitants.

In this report 'Nutreco Canada' shares its achievements in managing forced and child labour risk. The report includes the complexities of human rights issues and the challenges 'Nutreco Canada' faces due to limited visibility in the upstream parts of the value chain—the area that likely harbours the greatest inherent risks. 'Nutreco Canada' recognises that addressing these issues is not a task it can accomplish alone; collaboration is essential.

## Our role in the value chain

We recognise that 'Nutreco Canada' as an agricultural value chain partner impacts the lives of people in several ways – both directly, as a proud employer, and indirectly, through our value chain network. Please explore [the sustainability section of the Nutreco group website](#), where you'll find an interactive visualisation of our role in the value chain and gain deeper insights into our wider commitment to sustainability and how it impacts our value chain.

### The 'Nutreco Canada' workforce

'Nutreco Canada' employs approximately 1,680 individuals. The workforce primarily comprises production workers, who make up two-thirds of the total employees, while the remaining one-third consists of office personnel.

### The Nutreco group business activities

The Nutreco group procures quality raw materials from all over the world. In terms of raw material volume, the top five sourced materials of the Nutreco group include wheat, maize, barley, soybean and calcium carbonate. Calcium carbonate is mostly sourced from the market where it is used, while soybeans originate from Argentina, Brazil and the U.S. The grains are primarily produced in Europe and North America. Beyond sheer volume, other compounds play a significant role from a spending perspective. These include by-products from aquatic animals and dairy, such as fats and oils, originating from European and South American countries. In terms of market shares, the Nutreco group has relatively larger positions in micro-ingredients, such as vitamins and amino acids, predominantly produced in Europe and China. However, most micro-ingredients are part of commodity markets in which the Nutreco group has little influence over the product or value chain, despite being a large buyer.

Through meticulous processing, the Nutreco group transforms these materials, amongst others in our factories in Canada, into premium feed specialities and premixes. These products are predominantly distributed to operators in the livestock and aquaculture sectors.

Depending on the industry, a wide variety of processes can be applied before reaching the end consumer product. For example, in the context of meat, the animals fed by our products are processed in slaughterhouses, which involves the butchering and packaging of meat products.

## Taking action

### Policy statements

*We comply with the International Labour Standards (ILO) and will not use child labour or any form of forced labour in our operations.*

Forced labour refers to situations where individuals are coerced or compelled to work against their will, often under the threat of violence or other forms of harm. The term includes both traditional 'slave-like' practices and contemporary forms of coercion where labour exploitation is involved, which may include debt bondage, human trafficking and forced recruitment.

Child labour refers to work that deprives children (any person under 18) of their childhood, their potential and their dignity. It covers tasks that are mentally, physically, socially or morally dangerous and harmful to children, or work that interferes with children's schooling, either by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to combine school attendance with excessively long and heavy work. The ILO sets 15 years as the general minimum age for admission to work or employment. Depending on the location and the nature of the work, this might be lower or higher.

### Risk assessment

In 2023, the Nutreco group started its human rights risk assessment process in consultation with Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, and a group of cross-functional internal business experts from different layers of the organisation. The Nutreco group identified the potential adverse impacts that might be indirectly or directly linked to its activities throughout the value chain. By assessing the relative severity and likelihood, both child and forced labour were identified as salient issues, especially in the upstream part of our value chain.

#### Severity

In terms of severity, it is recognised that child and forced labour can significantly impact the emotional and physical health of human beings. Whenever child and forced labour occurs, it is likely that they affect a bigger group of vulnerable workers. It is not only the workers who are impacted, but also their families. The related emotional and physical harm can be irreversible, and people can struggle for the rest of their lives with trauma-related symptoms.

#### Likelihood

To determine likelihood, the nature of the operating context and business activities were researched. Desk research was conducted by consulting public sources, including the ILO's InfoStories, world governance indicators, Verisk Maplecroft's Child Labour Index, the Global Slavery Index, the U.S. Department of State's Country Reports on Human Rights Practices and the U.S. Department of Labour's Report on Goods Produced with Forced and Child Labour.

These sources revealed inherent risks on both a macro and a micro level:

- Market-dynamics related inherent risk. Think about margin pressures putting a significant strain on limiting labour costs, which raises the inherent risk of child and forced labour.
- Climate-change related inherent risk. For example, extreme heat increases the risk of children performing hazardous tasks.
- Country-based inherent risk. A significant part of the value chain of the Nutreco group is in countries seen by public sources as exposing the company to a higher inherent risk of child and forced labour, including approximately:
  - 37% of direct suppliers of the group
  - 40% of the group workforce
  - 41% of group customers

Obviously the Nutreco group has less insight beyond its direct suppliers. However, when examining sourced raw materials, Nutreco group found that a significant portion originates from or passes through a country with a higher inherent risk.

- Inherent risk related to the nature of the work. For example, [a study published in Nature Food](#), shows that the animal-based protein value chain contributes to the majority of forced labour risk in the United States' land-based food supply. In addition, in 2023, the United States Labour Department published [an article](#) revealing child labour practices in slaughterhouses and meat packing plants across eight different states.
- Workforce related inherent risk. A large part of the agricultural workforce consists of women, children and migrants, and it is estimated that around 60% of all child labour abuses can be found in agriculture.

#### Gaps in assessment

To effectively manage the inherent risk of child and forced labour, it is important to have insight in the value chain. While 'Nutreco Canada' has good visibility into labour risk within its own operations, there remains limited visibility in the upstream segments of the value chain - particularly beyond the first tier, where the risk profile is higher. To enhance visibility, collaboration with supply chain partners is essential.



## Risk management and due diligence

### Own operations

To effectively ban all forms of forced and child labour within our operations, 'Nutreco Canada' implemented comprehensive control measures as described below. These measures, as well as the absence of reported concerns, give 'Nutreco Canada' comfort there is no forced or child labour in its own operations.

### Awareness raising

We want all employees to know that we do not tolerate child and forced labour practices and that any related concerns should be reported, so, we continuously raise awareness of these standpoints. They can be found in our Global Human Resources Policy and Code of Conduct for Employees, which are included in every employee contract. In these documents, we also inform employees that they can raise any related concerns through Speak Up, our whistleblowing and grievance line. This service also enables anonymous reporting and is displayed in every location through posters (see *Figure 1*). To learn more about Speak Up, please visit [our website](#).



Figure 1. An example of a speak up display board in use.

All employees who draft contracts or make other decisions that might impact child or forced labour risks in our own operations, or the rest of the value chain are trained on the topics every two years through a mandatory 30-minute Code of Conduct e-learning. These employees comprise about one third of the total workforce of 'Nutreco Canada', covering desk workers, managers and supervisors. The course also emphasises that employees can raise any related concerns using our Speak Up whistleblower line. As of the end of 2023, 97% of the targeted employees of 'Nutreco Canada' completed the course. To further build awareness, we aim to also train the other two thirds of the workforce in 2024.

### Employee management

Our employee management process is designed to protect both the company and its employees by supporting adherence to company policies, including the voluntary nature of employment and compliance with minimum age requirements for workers.

The "one-over-one" principle is our common governance rule in human resources, requiring managerial approval for any HR decision with financial implications. This hierarchical check

ensures that decisions around topics such as hiring, termination or changes in compensation are made responsibly and in alignment with the company's objectives.

We recognise that the onboarding process is a critical phase in employee management and helps ensure that new hires are properly integrated into the company's system and culture. Managers play a crucial role in overseeing the process from recruitment to contract signing. New employees are asked to present valid identification to be registered in the company's cloud-based human resources management system, Workday. This step is crucial for maintaining accurate employee records. Employees must also be identified to the payroll provider to set up their compensation details to ensure the timely and accurate payment of salaries.

### **Upstream value chain**

Based on the results of the human rights risk assessment of Nutreco group, it is decided to focus on the highest inherent risks that can be found in the upstream raw material value chain.

### **Awareness raising**

The Nutreco group [Code of Conduct for Business Partners](#) is included in procurement contracts. This makes suppliers aware of the forced and child labour standpoints of the Nutreco group. Suppliers are required to communicate same standards to their suppliers. At the end of 2023, the Code of Conduct for Business Partners was updated, amongst other by including the possibility for external stakeholders to report concerns via Speak Up. Besides, a [Speak Up page on Nutreco.com](#) was launched, to make the whistleblowing and grievance channel more accessible to any stakeholder group. Other Nutreco global and local websites, such as Skretting.com and Trouwnutrition.com refer to this page as well.

### **Supplier management**

The sustainability management platform EcoVadis is used to assess raw material supplier risks with a focus on suppliers with the highest spend.

The data provided by EcoVadis, which includes a gross risk score that reflects country and industry insights, is instrumental in identifying suppliers of the Nutreco group that have an increased inherent labour and human rights risk. This showed that suppliers representing around 5% of total spend are at high inherent risk on labour and human rights issues.

Looking ahead, the next step is active engagement with high-risk raw material suppliers. For example, by requesting them to provide a comprehensive EcoVadis Rating – a self-assessment tool that provides deeper insights into a supplier's sustainability practices and risk management. The assessment results could give rise to further engagement, including influencing poor scoring suppliers to take (corrective) action and audits.

### **Remediation measures**

In 2023, there were no reported instances of child and forced labour through Speak Up or any other channel. Consequently, 'Nutreco Canada' had no knowledge of child or forced labour cases, and as a result, no remedial actions were necessary.

## Monitoring effectiveness

It is important to monitor the effectiveness of our actions in the value chain. Although there is currently limited visibility on the performance in the upstream parts of the value chain, especially beyond the first tier, it is to be recognized that the Nutreco group is expanding its risk-based supplier due diligence activities. This will lead to a more comprehensive understanding of the value chain and allow the establishment of targets and key performance indicators related to child and forced labour risk management. Nevertheless, we can already share below several indicators that offer relevant insights into the effectiveness of our actions.

## Employee engagement

The data from our annual Employee Engagement Survey, conducted in October 2023, showed there is a significant level of trust and openness within our workforce in Canada. With an 77% participation rate, the survey presents a comprehensive view of employee sentiment. The high score of 8.1 out of 10 on the comfort level to report misconduct indicates a positive ethical environment where employees feel secure voicing concerns.

## External recognitions

The Nutreco group got awarded a silver medal for the EcoVadis sustainability rating. Performance in the area of labour and human rights was well rated, as depicted in Figure 2. The Nutreco group falls in the top 9% of prepared animal feed manufacturers rated by EcoVadis for its management of labour and human rights risks.

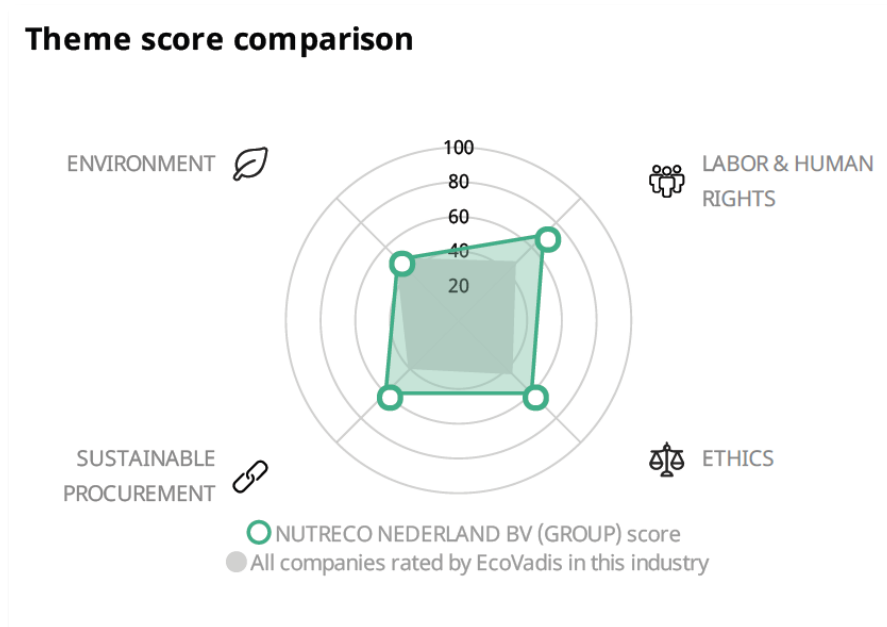


Figure 2. This diagram illustrates the Nutreco group's performance across four key sustainability practice areas evaluated by EcoVadis, compared to the average scores of other industry members.

'Nutreco Canada' would like to conclude this report by highlighting a success story of an affiliated company. The feed mill of the Nutreco group in Chile successfully passed the Aquaculture Stewardship Council (ASC) audit in 2023. This makes it the first salmon feed mill in the world to

obtain ASC Feed certification. Among several environmental and social criteria, this certification proves that this feed mill does not engage in or support child and forced labour and if any related issues would occur, effective remediation measures would be applied. In 2024 Skretting Canada, part of 'NutraCo Canada', will also undergo this ASC certification process.