

Arctic Co-operatives Limited



# Forced Labour in Canadian Supply Chains

Arctic Co-operatives Limited

APRIL 29, 2024



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## **Introduction**

This report is Arctic Co-operatives Limited's response to comply with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act) for the financial year ending December 31, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Arctic Co-operatives Limited. The reporting entity covered by this statement is Arctic Co-operatives Limited, business number 100250794.

For the purposes of the Act, Arctic Co-operatives Limited meets the entity definition as it is a Canadian business doing business in Canada and meeting two (2) of the three (3) criteria stated in the Act related to revenue, assets and employees. Arctic Co-operatives Limited is a co-operative incorporated in the Northwest Territories and is accordingly obligated to submit a report to the Minister of Public Safety and provide a public report in response to the Act by May 31, 2024.

Guided by our core values and Co-operative Principles, Arctic Co-operatives Limited is committed to making ethical business decisions and taking proactive measures to address issues such as forced labour and child labour.

## **1. Structure, Activities, and Supply Chain**

### **Structure**

Based in Winnipeg, Manitoba, Arctic Co-operatives Limited is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and is a member-owner of Federated Co-operatives Limited (FCL). Arctic Co-operatives Limited is in turn owned by 33 member co-operatives in Nunavut, Northwest Territories, Yukon, and Saskatchewan. Arctic Co-operatives Limited supports its member-owners and these member-owners support their individual owners in their respective communities as well as all others in the community. We employ approximately 162 individuals. Arctic Co-operatives Limited's mission is to provide service to, and enable co-operation among, the multi-purpose Co-operative businesses in Canada's north.

### **Activities**

Arctic Co-operatives Limited's business is largely business-to-business focused on serving the communities in which we and our member-owner co-operatives operate. Our core resale lines of business include retail grocery, food services, home and building supplies, fuel, convenience stores, general merchandise, and hotels. Arctic Co-operatives Limited itself also operates a small hotel in Nunavut and accordingly, sources products from suppliers as set out herein for the operation of that line of business.



### Wholesale and Retail Trade

Arctic Co-operatives Limited sources and distributes products across many primary consumer and business lines to 34 retail locations in 34 communities in Nunavut, Northwest Territories, Yukon, and Saskatchewan including food, home and building supplies, propane, and petroleum. Arctic Co-operatives Limited sources 35% percent of the products for resale from FCL. These products are purchased by FCL from within Canada or imported and distributed throughout the CRS using FCL's distribution centres, bulk fuel distribution centres, and fuel terminals.

The remaining 65% percent of products are sourced by Arctic Co-operatives Limited from suppliers primarily located in Canada.

### Administrative Support

Arctic Co-operatives Limited provides IT infrastructure support, accounting services, risk-management services, human resources support, legal services, recruitment, and ongoing employee training. Arctic Co-operatives Limited assists with planning and developing capital construction projects to its member-owner co-operatives.

### Marketing Support

Arctic Co-operatives Limited provides comprehensive marketing support across all business lines including content marketing and digital marketing services for its member-owner co-operatives.

## **Supply Chain**

### Supply Chain

Arctic Co-operative Limited's supply chain is two pronged as it is comprised of products that are:

1. from FCL whether manufactured by FCL legally-owned entities and products sourced by FCL through its supply chain; and
2. from Arctic Co-operatives' suppliers primarily located in Canada.

### Wholesale and Retail Trade: Products Sourced for Resale and Use

<b>CATEGORY</b>	<b>DESCRIPTION</b>	<b>LOCATION</b>
<b>FOOD</b>	Grocery and convenience store items, candy, beverages, snacks, meat products, perishables, tobacco	Canada
<b>HOME AND BUILDING SUPPLIES</b>	Hardware, lumber, building materials, tools, paint, plumbing, and electrical products	Canada



<b>GENERAL MERCHANDISE</b>	Furniture, apparel, footwear, appliances, sporting and outdoor goods, toys, seasonal, electronics, small appliances, housewares	Canada USA
<b>POWER EQUIPMENT</b>	Snowmobiles, boats, ATVs, generators, parts	Canada

## 2. Policies and Processes in Relation to Forced Labour and Child Labour

### Internal

Arctic Co-operatives Limited maintains Ethics policies to which all employees must adhere to throughout employment with Arctic Co-operatives Limited. Arctic Co-operative Limited's Human Resources team regularly reviews its human resource related policies to ensure Arctic Co-operatives Limited remains in compliance with applicable workplace and labour legislation. Arctic Co-operatives Limited has implemented new training about the Act, more details can be found in Section 6.

Arctic Co-operatives Limited ensures that there is reduced risk of forced labour or child labour in its operations through strict adherence to provincial and federal labour laws. As per *The Employment Standards Code* (Manitoba), Arctic Co-operatives Limited does not employ anyone under the age of 13 and follows all applicable young worker restrictions for employees under the age of 16.

### Suppliers

Arctic Co-operatives Limited suppliers offer a high standard of service and quality. Arctic Co-operatives Limited has implemented a Supplier Code of Conduct with its suppliers to reduce the risk of forced labour and child labour in its supply chains.

## 3. Identification of Risks

Arctic Co-operatives Limited's main supplier, FCL, accounts for 35% of total procured goods. In assessing the risk of forced labour or child labour at the direct supplier level for this relationship, FCL has concluded on the following assessment of the use of child labour and/or forced labour within their supply chain, using two separate indices - *Walk Free's Global Slavery Index* and *the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor* that:

1. Goods procured within the food categories of 1) protein foods (specifically seafood); 2) beverages (specifically coffee); and 3) other (specifically chocolate):
  - a. An inherent risk of child and forced labour has been identified within the above categories. FCL has a sustainable seafood policy and, sustainably sources fair-



trade-certified products to mitigate these risks.

2. Goods procured for home building centres:

- a. Key suppliers of FCL's home building centres import from China, which has been identified as a country with a high inherent risk of forced and child labour. To mitigate this risk, FCL requires key suppliers to sign a Social Responsibility Agreement. The agreement requires suppliers to ensure they are supporting commitments to responsible sourcing and provide workers with fair wages and working hours, as well as a safe, clean, and healthy work environment.

FCL is exploring opportunities to understand and reduce the risk of forced labour and child labour within its supply chain therefore, Arctic Co-operatives Limited will be relying on this on-going assessment to continue evaluating goods procured from FCL.

Arctic Co-operatives Limited's main categories of goods for distribution/resale include food, home and building supplies, general merchandise, and power equipment. The remaining 65% of goods purchased by Arctic Co-operatives Limited for distribution/resale are procured from Canada with a very small portion sourced directly from the United States. The figure below represents the countries of origin for the purchases outside of FCL. As stated earlier, Arctic Co-operatives Limited has implemented a Supplier Code of Conduct with its suppliers to reduce the risk of forced and child labour within the supply chain activities.

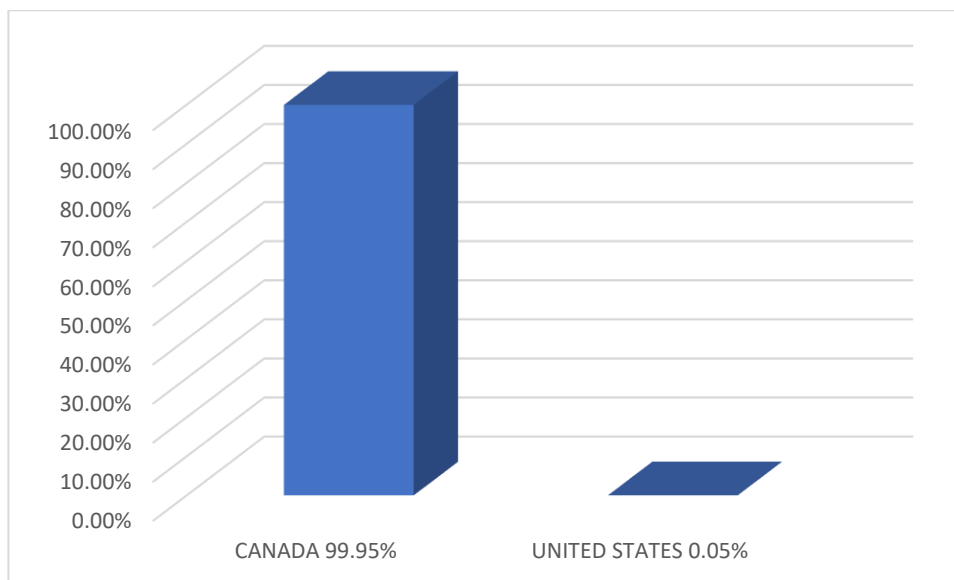


Figure 1. Total spend by country in fiscal year 2023.



#### **4. Remediation of Forced Labour and Child Labour**

Arctic Co-operatives Limited has taken action to remediate potential risks of forced and child labour through the deployment of the policies and procedures outlined in Section 2 of this report. If specific incidents of forced labour and/or child labour are identified, Arctic Co-operatives Limited will work with suppliers to determine and implement remedial action on a priority basis.

#### **5. Remediation of Loss of Income**

Arctic Co-operatives Limited has not identified any child or forced labour in its operations or supply chains, and therefore no measures have been taken to remediate the loss of income to vulnerable families that results from any measures taken.

#### **6. Employee Training**

Arctic Co-operatives Limited has created its own training modules to educate team members and help them identify and respond to risks of forced labour and child labour in supply chains. We have challenged staff with a call to action to do their part to reduce forced labour and child labour in supply chains.

#### **7. Efficacy of Actions**

Arctic Co-operatives Limited has conducted a review of current policies and procedures as they pertain to forced labour and child labour and is currently evaluating further measures to assess the efficacy of actions.

#### **8. Approval and Attestation of the Report**

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.

A handwritten signature in black ink, appearing to read "Mark Needham".

Mark Needham  
President  
April 29, 2024

I have the authority to bind Arctic Co-operatives Limited. The Statement has been reviewed and approved by the Board on behalf of itself.