Prairie Roots Co-op

Forced Labour in Canadian Supply Chains

Prairie Roots Consumers Cooperative Ltd

May 1, 2024

INTEGRITY • EXCELLENCE • RESPONSIBILITY

Contents

Introduction 3

1. Structure, Activities, and Supply Chain 3
2. Policies and Processes in Relation to Forced and Child Labour 4
3. Identification of Risks 5
4. Remediation of Forced and Child Labour 6
5. Remediation of Loss of Income 6
6. Employee Training 7
7. Efficacy of Actions 7
8. Approval and Attestation of the Report 8

Introduction

This report is Prairie Roots Co-op'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 November 30, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Prairie Roots Co-op. The reporting entity covered by this statement is Prairie Roots Co-op's, business number 103538104.

For the purposes of the Act, Prairie Roots Co-op meets the entity definition by having a business in Canada, doing business in Canada and meeting all three threshold criteria for revenue, assets and employees. Prairie Roots Co-op is incorporated provincially and is obligated to submit a report to the Minister of Public Safety and provide a public report in response to the Supply Chains Act by May 31, 2024.

Prairie Roots Co-op is committed to continuous improvement in the areas of identification and remediation of forced and child labour in operations as well as local and global supply chains. Further, Prairie Roots Co-op is committed to respecting all human rights, in accordance with applicable law.

Guided by core values of Community, Excellence and Integrity, Prairie Roots Co-op is committed to making ethical business decisions and taking proactive measures to address issues such as forced and child labour.

1. Structure, Activities, and Supply Chain

Structure

Based in Marquette, Manitoba, Prairie Roots Co-op is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. Prairie Roots Co-op is in turn owned by 3,725 members in Manitoba. As part of the CRS, Prairie Roots Co-op helps build, feed and fuel individuals and in our local communities. We employ 58 number of individuals.

Activities

Prairie Roots Co-op business is largely business-to-consumer focused on serving the communities in which we operate. Our core retail lines of business include food, liquor, agriculture, home and building, fuel, and convenience stores.

Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Prairie Roots Co-op with 3 retail locations in 3 communities in Marquette, Starbuck and Elm Creek, Manitoba including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Prairie Roots Co-op sources 98.15% 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 fleet, distribution centres, bulk fuel distribution centres, fuel terminals and fertilizer plants.

The remaining 1.85 percent of products are sourced by Prairie Roots Coop from Canada, with one American Vendor; AgVise in North Dakota.

Supply Chain

Prairie Roots Coop's supply chain is comprised of products that are manufactured by FCL legally owned entities and products sourced for resale.

Wholesale and Retail Trade: Products Sourced for Resale

CATEGORY	DESCRIPTION
AGRICULTURE	Agricultural equipment, crop protection products, fertilizer and feed
ENERGY	Fuel, lubricants, propane
FOOD	Convenience store items, liquor and pharmacy, candy
HOME AND BUILDING SUPPLIES	Hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products

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

Currently in place to assess and evaluate risk at supplier level:

- Supplier code of conduct
- Supplier clauses in contract related to forced labour/child labour
- Supplier performance or quality monitoring and auditing

Internal

Prairie Roots Co-op maintains Compliance and Ethics policies to which all employees must adhere to through an annual Code of Conduct attestation, within the annual Employee

Handbook. Prairie Roots Co-op has an established internal process for anonymous reporting of actual or potential wrongdoing including any actual or potential violation of law, regulation, policy and procedure. Procedures are put in place to protect the anonymity of whistle-blowers from retaliation. Prairie Roots Co-op's People and Culture team regularly reviews human resource related policies to ensure Prairie Roots Co-op remains in compliance with applicable workplace and labour legislation.

Prairie Roots Co-op ensures that there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per Manitoba's labour laws, Prairie Roots Co-op does not employ anyone under the age of 16 and follows all applicable young worker restrictions for employees under the age of 14. Workers 13-15 years of age must complete the Manitoba Young Worker Readiness Certificate prior to their hire date.

3. Identification of Risks

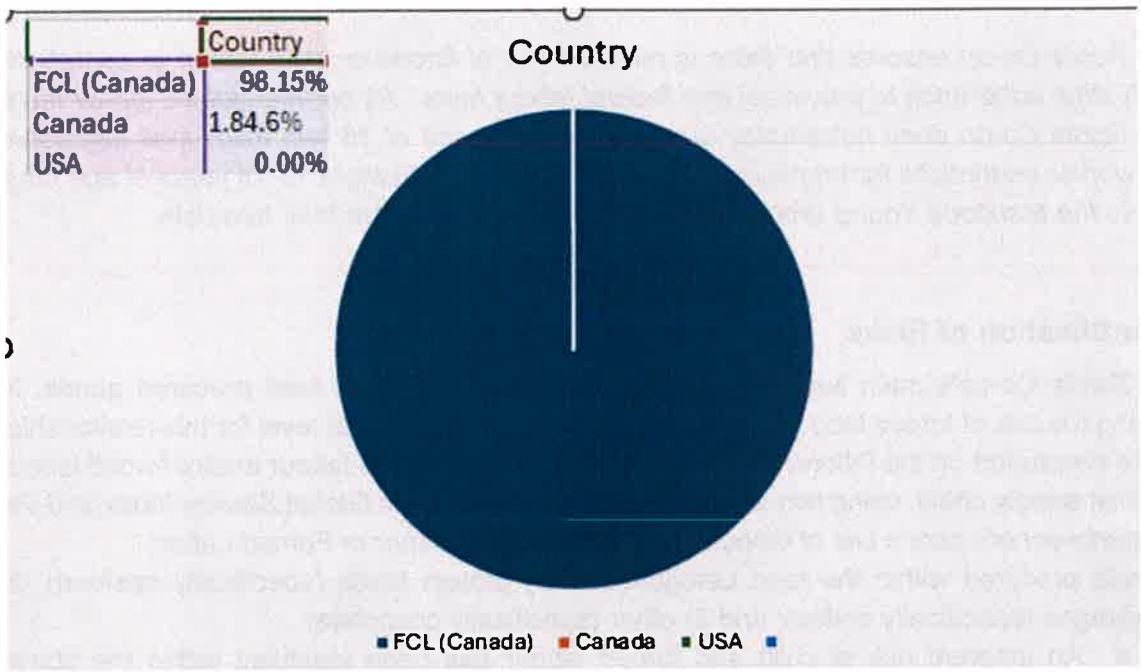
Prairie Roots Co-op's main supplier, FCL, accounts for 98.15% of total procured goods. In assessing the risk of forced labour or child labour at the direct supplier level for this relationship, FCL has concluded on the following assessment of the use of child labour and/or forced labour within their 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*:

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 and child labour within their supply chain therefore, Prairie Roots Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 1.85% of goods purchased by Prairie Roots Co-op are procured from

outside of FCL with 6 main categories of goods for resale, which include, food, agriculture, energy, liquor, fuel, and home and building supplies. These product lines are sourced from 2 different countries, all in Canada and includes 1 company from the United States, AgVise, conducts our soil sampling. The figure below represents the countries of origin for categories which the risk assessment was conducted for.



1. *Figure 1. Total spent by country in fiscal year 2023 on categories which risk assessment was conducted for.*

4. Remediation of Forced and Child Labour

Prairie Roots Co-op has taken action to remediate potential risks of forced and child labour through deployment of the policies and procedures outlined in Section 2 of the report. In the future, Prairie Roots Co-op will explore opportunities to increase auditing and monitoring of suppliers to reduce the risk of forced and child labour. If specific incidents of forced and child labour are identified, Prairie Roots Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Prairie Roots Co-op has not identified any child or forced labour in 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

Annual training and attestation are currently required for all employees to ensure compliance with Prairie Roots Co-op's Code of Conduct on company ethical standards, policies, laws and regulations. The Code of Conduct is applicable to everyone that conducts business on behalf of the organization which includes the Prairie Roots Co-op's Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Prairie Roots Co-op has identified the opportunity to incorporate human rights awareness training into the annual Code of Conduct attestation to create awareness and the associated risks of forced and child labour. In addition, Prairie Roots Co-op is exploring opportunities to provide role specific training to educate team members and help them identify and respond to risks of child and forced labour in supply chains. These opportunities will be evaluated through fiscal year 2024.

7. Efficacy of Actions

Prairie Roots Co-op has conducted a review of current policies and procedures as they pertain to child and forced labour and is currently evaluating further measures to assess the efficacy of actions. Success will be evaluated by tracking relevant performance indicators, such as levels of employee awareness, number of vendors signing the Social Responsibility Agreement, number of employees in procurement roles participating in training, as well as an annual review of the policies and procedures in place related to forced and child labour.

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.



Calvin Janke
General Manager
May 1, 2024

I have the authority to bind Prairie Roots Consumers Cooperative Ltd. The Statement has been reviewed and approved by the Board on behalf of itself.