

Central Alberta Co-op Ltd.



# Forced Labour in Canadian Supply Chains

Central Alberta Co-op Ltd.

May 30, 2024



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## Introduction

This report is Central Alberta Co-op Ltd.'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 January 31, 2024. In this Statement, the terms 'Central Alberta Co-op', 'the Co-op', 'we', 'us', and 'our' refer to Central Alberta Co-op Ltd. The reporting entity covered by this statement is Central Alberta Co-op Ltd., business number 2220206391.

For the purposes of the Act, Central Alberta 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. Central Alberta 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.

Central Alberta 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, Central Alberta Co-op is committed to respecting all human rights, in accordance with applicable law and the principles set forth in international standards, including the UN's Declaration of Human Rights, the UN Rights of Indigenous Peoples and UN Guiding Principles on Business and Human Rights.

Guided by core values of Integrity, Responsibility and Community, Central Alberta 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 Red Deer, Alberta, Central Alberta 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 Federated Co-operatives Limited (FCL). Central Alberta Co-op is in turn owned by over 100,000 members in Alberta. As part of the CRS, Central Alberta Co-op helps build, feed and fuel individuals in our local communities. We employ close to 825 team members.

### Activities

Central Alberta Co-op's business is business-to-consumer and business-to-business focused on serving the communities in which we operate. Our core retail lines of business include food, liquor, pharmacy, agriculture, home and building supplies, and fuel.



## Supply Chain

With 47 retail locations in 11 communities, Central Alberta Co-op serves various consumers and businesses in the central Alberta region. Products sourced for resale include food, liquor, pharmacy, agriculture, home and building supplies, and fuel. Central Alberta Co-op sources 94.9% 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 5.1% percent of products are sourced by Central Alberta Co-op from local vendors and vendors within Canada. A very small percentage is sourced from vendors in other countries (i.e., USA)

Table 1: Products Sourced for Resale

CATEGORY	DESCRIPTION
<b>AGRICULTURE</b>	Agricultural equipment, crop protection products, fertilizer and feed
<b>FUEL</b>	Fuel, lubricants, and propane
<b>FOOD</b>	Food products; produce, meat, bakery, deli, and groceries
<b>PHARMACY</b>	Prescription medication, over-the-counter products and home health products
<b>LIQUOR</b>	Alcoholic and non-alcoholic beverages
<b>HOME AND BUILDING SUPPLIES</b>	Hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products

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

### Internal

Central Alberta Co-op maintains Compliance and Ethics policies to which all employees must adhere to and sign off annually. To ensure our policies are up to date with the latest laws and regulations, and consistent and effective they are reviewed annually by the Executive team. Central Alberta Co-op will review current policies to create more awareness of forced and child labour. Central Alberta 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. Central Alberta Co-op's People and Culture team regularly reviews human resource-related policies to ensure Central Alberta Co-op remains in compliance with applicable workplace and labour legislation.

Central Alberta Co-op ensures that there is no risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per Alberta's labour laws, Central Alberta Co-op does not employ anyone under the age of 15 and follows all applicable young worker restrictions for employees under the age of 18.

Central Alberta Co-op is exploring to further expand the effective grievance and remediation mechanisms in place to address concerns or potential cases of forced and child labour in the supply chain. Central Alberta Co-op's goal is to prioritize the reporting and remediation of forced and child labour incidents, protect victims and prevent future cases.

## Suppliers

Central Alberta Co-op has a long tradition of sourcing local products and supporting local businesses in the community. Suppliers offer high-quality products and share our values of Integrity, Responsibility and Community. In 2022, Central Alberta Co-op developed a sustainability report, in alignment with FCL's brand attribute Care for the Environment, which focuses on purchasing responsibly, promoting regeneration, eliminating waste and reducing emissions. For more information please see Central Alberta Co-op's [2023 Sustainability Report](#).

To combat the procurement of products from countries that pose a high risk of forced and child labour, Central Alberta Co-op is committed to actively source products from local vendors in Alberta. We have over 60 local vendors who deliver food items to our retails that are locally produced.

## 3. Identification of Risks

Central Alberta Co-op's main supplier, FCL, accounts for 94.9% 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, Central Alberta Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 5.1% of goods purchased by Central Alberta Co-op are procured from outside of FCL. Central Alberta Co-op has six main categories of goods for resale, which include, food, agriculture, pharmaceuticals, liquor, fuel, and home and building supplies. Central Alberta Co-op has mapped its supply chain activities to identify the products' shipping locations. The supply chain mapping activities for suppliers outside of FCL were limited to the most material vendors for this reporting year. Materiality was determined by selecting our top suppliers (procurement of 1% and above) by total spending in 2023. Our top 20 vendors in tier 1 account for \$14.8 million dollars or 44.8% of our procurement.

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](#), no high-risk countries have been identified based on the address of the financial headquarters of these vendors. 100% of the vendors' headquarters are in Canada and the US, which would be considered low risk for forced and child labour. However, Central Alberta Co-op identified that key suppliers from Central Alberta Co-op outside of FCL may source goods from different countries which can be identified as a [high inherent risk country](#) for forced and/or child labour.

Central Alberta Co-op is exploring opportunities to understand and reduce the risk of forced and child labour within its supply chain. To minimize the impending risk the following may be developed:

- A supplier assessment questionnaire to evaluate suppliers and service providers to meet expectations, guidelines and legal requirements; or
- A supplier code of conduct to hold our suppliers to the same high standards we hold ourselves to. Setting expectations and guidelines with respect to responsible sourcing, a commitment to fair and respectful treatment of employees, health and safety, the environment, business ethics and a diverse and sustainable supply chain; or
- A Social Responsibility Agreement to be signed by a subcontractor, supplier, or agent to conform to Central Alberta Co-op's code of conduct and applicable legal requirements.



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

Central Alberta 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, Central Alberta 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, Central Alberta Co-op will work with suppliers to determine and implement remedial action.

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

Central Alberta 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 sign-off of policies are currently required for all employees to ensure compliance with Central Alberta 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 Central Alberta Co-op Board of Directors, the Executive Leadership Team and all current and new employees and contractors. Central Alberta Co-op has identified the opportunity to incorporate human rights awareness training into the annual Code of Conduct policy to create awareness and the associated risks of forced and child labour. In addition, Central Alberta 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**

Central Alberta 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 Supplier Code of Conduct, 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.

Rodney Perigny  
Chief Executive Officer  
Central Alberta Co-op Ltd.

May 30, 2024

*Rodney Perigny*

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Signature

I have the authority to bind Central Alberta Co-op Ltd. The Statement has been reviewed and approved by the Board on behalf of itself.