

Heritage Co-op 1997 Ltd.



Forced Labour in Canadian Supply Chains

Heritage Co-op 1997 Ltd.

May 2024 – Version 1



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Introduction

This report is Heritage Co-op 1997 Ltd. "Heritage Co-op" (Business # 892414848) 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 Heritage Co-op 1997 Ltd.

For the purposes of the Act, Heritage 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. Heritage Co-op is incorporated provincially, under the Co-operatives Act of Manitoba 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. Heritage Co-op is not subject to reporting requirements for supply chain legislation in any other jurisdiction. Due to timing, Heritage Co-op will not share this report with its members alongside the financial statements for the current reporting year. However, Heritage Co-op will align its practices to produce and make public this report electronically for 2023 and for future years.

Heritage 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, Heritage 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, excellence, and responsibility, Heritage 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 Minnedosa, Manitoba, Canada, Heritage 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). Heritage Co-op is owned by ~30,000 members (the Membership) in Manitoba. The Membership is represented by an elected Board of Directors, who hire a General Manager who in turn directs the operations of the business. As part of the CRS, Heritage Co-op helps build, feed and fuel individuals and organizations in our local communities. We employ approximately 500 individuals, in the province of Manitoba.



Heritage Co-op is committed to embracing the co-operative model through local investment, community mindedness, care for the environment and lifetime membership benefits.

Activities

Heritage Co-op's business is a combination of business-to-consumer, and business to business retail trade focused on serving the communities in Western Manitoba, in which we operate. Our core business includes Agriculture: chemical, fertilizer (including fertilizer blending), custom application, agronomy, seed (including seed treating), feed and equipment; Energy: fuel, lubricants, and propane; Consumer: food, pharmacy, convenience stores/gas bars; Home and Building: hardware and building supplies. In 2023 Heritage Co-op also provided management services to Gambler Gas and Convenience.

Primary Supply Chain

Heritage Co-op's supply chain is comprised of products that are manufactured by FCL legally owned entities and products sourced for resale. Heritage Co-op has in place a supply agreement with FCL that assures no less than 90% of commodities are sourced through FCL. Heritage Co-op entrusts the processes and due diligence of FCL to ensure compliance.

FCL sources and distributes products across many primary consumer and business lines to Heritage Co-op with 24 retail locations in 7 communities in Western Manitoba including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Heritage Co-op sources **94.98** 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.

Supplemental Supply Chain

The remaining **5.02** percent of products are sourced by Heritage Co-op from local suppliers within Western Manitoba, and where supply is not available, from within Canada, and then the United States. The initial analysis was confined to suppliers where at least \$300,000.00 (CDN) was transacted in 2023.



CATEGORY	VENDOR	DESCRIPTION
AGRICULTURE	N.M Bartlett	Ont. Canada. Supplier of crop inputs. (0.9170%)
	Albaugh LLC	Iowa, USA. Supplier of Crop Inputs (0.3338%)
	AgreSource	Winnipeg, Mb. Canada. Supplier of Crop Inputs (0.1658%)
ENERGY	N/A	
FOOD		
PACKAGED		
MEAT		
DAIRY		
PRODUCE		
OTHER LOCAL		
PHARMACY		
TOBACCO		
CONFECTIONARY		
CONVENIENCE	WESTERN CANADA LOTTERY CORPORATION	Winnipeg, Mb. Lotteries and Gaming. (0.5168%)
HOME AND BUILDING SUPPLIES		
CLOTHING		



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

Internal

FCL did an analysis and study of their supply chain. FCL has a social responsibility agreement with their food and home and building suppliers. We are relying on FCL as they are our primary supplier at **94.98%** of our 2023 procurement.

Heritage Co-op has begun the analysis and study of secondary supply chains, limited in this report to businesses where greater than **\$300,000.00** was transacted. Heritage Co-op is developing procurement policies and practices, including reviewing ISO 20400 and the OECD Due Diligence Guide for best practice implementation, to address the risk of forced and child labour. Heritage Co-op has adopted a best practice for on-boarding local suppliers (Local Product Procurement Guidelines) and will refine that practice to include a supplier code of conduct, and supplier questionnaire used to learn more about the vendor or vet their qualifications or suitability.

Heritage Co-op is developing Compliance and Ethics policies to which all employees will adhere to through an annual attestation. Heritage 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. Heritage Co-op's Human Resources team regularly reviews human resource related policies to ensure Heritage Co-op remains in compliance with applicable workplace and labour legislation. Additionally, the Safety Management System has designed within it controls surrounding vulnerable workers.

Heritage 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, Heritage Co-op does not employ anyone under the age of 13, and follows all applicable young worker restrictions, including young worker readiness certification for employees under the age of 16. Duties, working hours, and length of shifts are modified to reduce risks, young workers do not work alone.

Heritage Co-op is developing procurement policies that will include addressing the risk of forced and child labour. Heritage Co-op has adopted a best practice for on-boarding local suppliers (Local Product Procurement Guidelines) and will refine that practice to include all business lines, along with including a supplier code of conduct, and supplier questionnaire used to learn more about the vendor or vet their qualifications or suitability.

Heritage Co-op is exploring the implementation of effective intake and remediation mechanisms



in effort to address concerns or potential cases of forced and child labour in the supply chain. Heritage Co-op's goal is to prioritize the reporting and remediation of forced and child labour incidents, protect victims and prevent future cases. Potential mechanisms may include:

- Develop a grievance mechanism that suppliers' employees can access anonymously in a format that is inclusive and accessible.

3. Identification of Risks

Primary Supply Chain

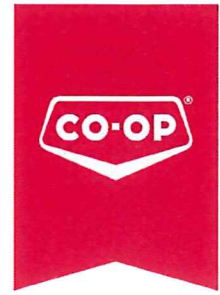
Heritage Co-op's main supplier, FCL, accounts for **94.98%** of total procured goods. In assessing the risk of forced labour or child labour at the direct supplier level for this relationship, FCL has concluded on the following assessment of the use of child labour and/or forced labour within their supply 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, Heritage Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

Supplemental Supply Chain

The remaining **5.02%** of goods purchased by Heritage Co-op are procured from outside of FCL. Heritage Co-op has five (5) main categories of goods for resale, which include, food, agriculture, energy, pharmaceuticals, fuel, and home and building supplies. These product lines are sourced from two (02) Countries including **Canada** and the **United States**. The figure below represents the countries of origin for Canada and the United States. Key suppliers of Heritage



Co-op's Agriculture Division import goods from the United States. 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 country has been identified as a [high inherent risk country](#) for forced and/or child labour. Heritage Co-op is exploring opportunities to implement a supplier code of conduct to minimise future risk.

Heritage Co-op has conducted an initial risk assessment of Agricultural Inputs and Home and Building Supplies, and while our primary and secondary supplies chains are resident to Canada and the United States, we are cognizant that there are inherent risks of forced and/or child labour in source countries of raw materials including India, China, and Russia. To mitigate the inherent risks with these commodities, Heritage Co-op will engage advisory services, including those provided by FCL, to provide further risk assessment and assist in the development of management oversight controls.

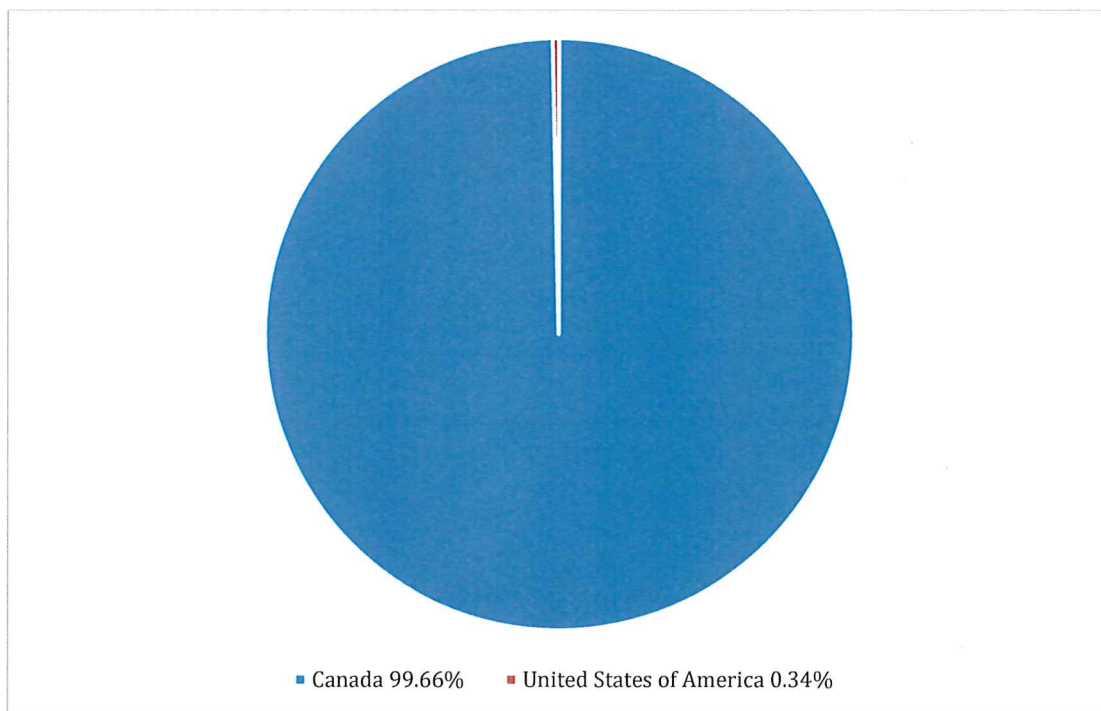


Figure 1. Total spend by country in fiscal year 2023 <on categories witch risk assessment was conducted for>.

Heritage Co-op's supply chain mapping activities on were limited to our most material vendors. Materiality was determined by selecting our top 96% of suppliers by total spend in 2023.



4. Remediation of Forced and Child Labour

Heritage Co-op is assessing actions 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, Heritage 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, Heritage Co-op will work with suppliers to determine and implement remedial action, including notification of appropriate authorities.

5. Remediation of Loss of Income

Heritage 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

Heritage Co-op is developing Compliance and Ethics policies (which may include a code of conduct to which all employees will adhere to through an annual attestation). Training and attestation will be required for all employees to ensure compliance with Heritage Co-op's policies, procedures on company ethical standards, policies, laws, and regulations. When developed, the Code of Conduct is applicable to everyone that conducts business on behalf of the organization which includes the Heritage Co-op Board of Directors, the Executive Leadership Team and all current and new employees and contractors. Heritage Co-op has identified the opportunity to incorporate human rights awareness training into annual training and attestation to create awareness and the associated risks of forced and child labour. In addition, Heritage 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

Heritage Co-op has undertaken to conduct 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, completion of supplier surveys, 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.

Full name: *IAN GERRARD*
Title: *BOARD PRESIDENT*
Date: *MAY 30/24*

I. Gerrard
Signature

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