

Homestead Consumers Co-op Limited



Forced Labour and Child Labour in Canadian Supply Chains

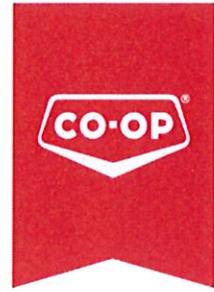
Homestead Consumers Co-op Ltd.

May 24, 2024



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Introduction

This report is Homestead Consumers 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 report, the terms 'Homestead Co-op', 'the Co-op', 'we', 'us', and 'our' refer to Homestead Consumers Co-op Ltd. The reporting entity covered by this report is Homestead Consumers Co-op Ltd, business number 104268537.

For the purposes of the Act, Homestead 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. Homestead 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.

Respect for Human Rights

Homestead Co-op fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights ("UNGP"), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. We have started to review our policies and procedures to assess whether the operations of our suppliers who provide goods used in our production and distribution processes cause or contribute to adverse human rights impacts.

Homestead Co-op has a risk based due diligence approach on forced labour and child labour. The Act came into force on January 1, 2024. While as of the end of the last fiscal year Homestead Co-op had not taken any material steps to identify and assess the risk of forced labour and child labour, following a risk-based approach, we are committed to continuous improvement in our policies and processes.



1. Structure, Activities, and Supply Chain

Structure

With our registered office in Portage la Prairie Manitoba, Homestead 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). Homestead Co-op is in turn owned by over twenty-five thousand members. As part of the CRS, Homestead Co-op helps build, feed and fuel individuals and in our local communities. We employ approximately three hundred and twenty-eight individuals in Canada. We do not have any employees outside Canada.

Activities

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

Retail Trade

Homestead Co-op serves seven communities in Manitoba and their trading areas with one or more of the following commodities: food, pharmaceuticals, liquor, home and building supplies, crop inputs, crop protection, agriculture equipment, livestock feed, propane, lubricants, and petroleum.

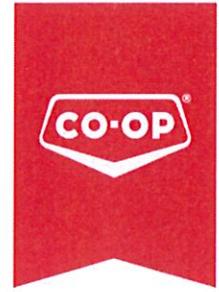
Homestead Co-op's operations consists of the office and retail locations listed below:

Portage la Prairie, Manitoba

- Administration Office, 1941 Saskatchewan Avenue W.
- Food Store & Pharmacy, 2275 Saskatchewan Avenue W.
- Gas Bar & Cardlock, 2243 Saskatchewan Avenue W.
- Gas Bar, 150 River Road.

Carman, Manitoba

- Administration Office, 43 A Main Street N.
- Food Store & Pharmacy, 61 Main Street N.
- Home Centre, 65 Main Street N.
- Gas Bar, 63 Main Street N.
- Bulk Petroleum, Main Street N.
- Cardlock, Main Street



La Salle, Manitoba

- Food Store, 63 Rue Principale.
- Home Centre, 51 Rue Principale.

Treherne, Manitoba

- Food Store, 104 Alexander Street.
- Cardlock, Highway 2

Austin, Manitoba

- Agro Centre, Highway 1.
- Gas Bar & Cardlock, Highway 1.

MacGregor, Manitoba

- Farm & Building Centre, 66 Hampton Street.
- Gas Bar, Highway 1.

Oakville, Manitoba

- Cardlock, 160 2nd Street.

Supply Chain

Homestead Co-op's supply chain is comprised of products that are manufactured by FCL legally owned entities and products sourced for resale.

Products Sourced for Resale not From FCL

CATEGORY	DESCRIPTION
LIQUOR	Wine, Spirits, and single serve beer
TOBACCO	Cigarettes, Cigars, Vapes and accessories
FOOD	Beverages (soft drinks, water, etc.), fresh produce, and local food products
LOTTERY	Scratch tickets and Lotto games (6/49, Max, etc.)
PHARMACY	Pharmaceutical drugs for prescription patients

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Homestead Co-op. Homestead Co-op sources 92.9% of the products for resale from FCL and



through FCL managed vendor partnerships (EDI program). These partnerships / products are managed / purchased by FCL and are from within Canada or imported and distributed throughout the CRS using FCL's fleet, distribution centres, bulk fuel, fuel terminals and fertilizer plants.

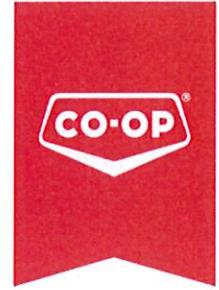
2. Policies and Processes in Relation to Forced and Child Labour

Internal

Homestead Co-op maintains a Business Ethics policy to which all employees must adhere to, however such policy does not currently specifically address child and forced labour but as noted below, Homestead Co-op has strict adherence to provincial and federal labour laws. Homestead 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. Homestead Co-op's Human Resource team regularly reviews human resource related policies to ensure Homestead Co-op remains in compliance with applicable workplace and labour legislation. All Homestead Co-op team members, including youth workers:

- Have access and are encouraged to use Homestead Co-op's third-party Ethics Hotline Program.
- Have mandatory WHMIS training.
- Have mandatory Safety and Health training.
- Receive Homestead Co-op Team Member manual.
- Have access to Homestead Co-op Policies.
- Ongoing Safety and Health training.

Homestead Co-op ensures that there is reduced risk of forced or child labour in direct business operations through strict adherence to provincial and federal labour laws. As per Manitoba labour laws, Homestead Co-op does not employ anyone under the age of 13 and follows all applicable young worker restrictions for employees under the age of 18. All Team Members under the age of 16 must complete the Young Workers Readiness Certificate Course, prior to being hired. Team Members who are 13 years of age have restrictive duties in our fresh food departments. Team Members aged 13-15 years old are not allowed to work alone and are directly supervised by an adult who is in the workplace. Team Members aged 16-18 years old cannot work alone between 11:00 p.m. and 6:00 a.m. Any overtime worked is voluntary. Homestead Co-op does not obtain age verification.



Homestead Co-op's employee salaries are reviewed regularly utilizing resources and services provided by FCL. Homestead Co-op has established compensation policies, including compensation grids, which are reviewed regularly. Permanent and full-time employees of Homestead Co-op are eligible for some employer-paid benefits, cost shared benefits, an employer-matched pension plan, and Homestead Co-op provides an Employee Assistance Plan (EAP) that supports mental, social, physical and financial health of Homestead Co-op employees. Homestead Co-op has established organization guidelines and operating practices which govern operations including the hours of operation, employee job descriptions and salary ranges, and safety policies and procedures for employee protection.

3. Identification of Risks

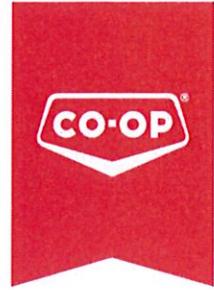
Homestead Co-op supply chain mapping activities were limited to our most material vendors. Materiality was determined by selecting suppliers that provided greater than 0.5% of total purchases in 2023.

92.9% of procured goods are from our main supplier Federated Co-operatives Limited.

Homestead Co-op's main supplier, FCL, accounts for 92.9% 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 and building centres:

Key suppliers of FCL's home and 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 advises that it now 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. Homestead Co-op has limited information to date on (i) which suppliers of FCL have signed the Social Responsibility Agreement, (ii) what monitoring, if any, FCL does with respect to those suppliers, or (iii) what steps, if any, FCL has taken for those suppliers that have not signed a Social Responsibility agreement.

We understand, FCL is exploring opportunities to understand and reduce the risk of forced and child labour within their supply chain; therefore, Homestead Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 7.1% of products are sourced by Homestead Co-op through other suppliers. The products sourced from other suppliers (of material > 0.5% of total purchases) include tobacco (1.6%), liquor (0.85%), lottery (0.85%), beverages (1.2%) and local food products (0.73%). Homestead Co-op had not taken any steps to identify forced and child labour within these suppliers.

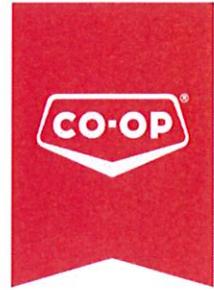
Other Suppliers

Tobacco

- Homestead Co-op procures products through three vendors in this category.
- One vendor operates in Canada and the United States, with their headquarters in the United States.
- This vendor's website states and provides evidence that a code of conduct is in place and provides a report on Forced and Child labour for Canada.
- Utilizing Walk Free's Global Slavery Index, Canada has been identified as a low inherent risk country for forced and/or child labour.
- Utilizing Walk Free's Global Slavery Index, the United States has been identified as a low inherent risk for forced and/or child labour.
- One of these vendors operates in Canada and is a wholly owned subsidiary of a North American public companies, with headquarters in New York, USA.
- This vendor's website states that (i) annual modern slavery report is conducted and reviewed and (ii) a business code of conduct is also in place.
- Utilizing Walk Free's Global Slavery Index, Canada has been identified as a low inherent risk country for forced and/or child labour.
- Utilizing Walk Free's Global Slavery Index, the United States has been identified as a low inherent risk for forced and/or child labour.

- One of these vendors operates in Canada and is a wholly owned subsidiary of a UK public company, with headquarters in London, UK.

- This vendor's website states that a supplier due diligence program is in place,



highlighting supplier status in social, environmental, and business integrity compliance. The website also states that suppliers are expected to comply with their supplier sourcing principles specifically referencing forced and child labour.

- Utilizing Walk Free's Global Slavery Index, Canada has been identified as a low inherent risk country for forced and/or child labour.
- Utilizing Walk Free's Global Slavery Index, the United Kingdom has been identified as a low inherent risk for forced and/or child labour.

Liquor

- Homestead Co-op procures products through one vendor in this category.
- This vendor's country of origin is Canada.
- Utilizing Walk Free's Global Slavery Index, Canada has been identified as low inherent risk country for forced and/or child labour.
- This vendor's Website shows evidence that a code of conduct is in place.

Lottery (0.85%)

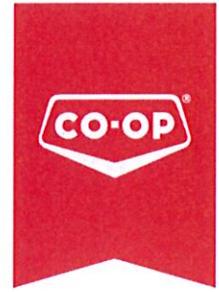
- Homestead Co-op procures products through one vendor in this category.
- This vendor's country of origin is Canada.
- Utilizing Walk Free's Global Slavery Index, Canada has been identified as low inherent risk country for forced and/or child labour.

Beverages

- Homestead Co-op procures products through two main vendors in this category.
- Both these vendors operate in Canada and are wholly owned subsidiaries of North American public companies.
- Utilizing Walk Free's Global Slavery Index, Canada has been identified as a low inherent risk country for forced and/or child labour.
- Utilizing Walk Free's Global Slavery Index, North America has been identified as a low inherent risk for forced and/or child labour.
- One vendor's website states and provides evidence that a code of conduct and a global supplier code of conduct is in place.
- One vendor's website states and provides evidence that a business code of conduct and a supplier guiding principle code is in place.

Local Food Products

- Homestead Co-op procures products through many local vendors/producers in this category.
- All these vendors are locally owned and operated in the province of Manitoba, in Canada.



- Utilizing Walk Free's Global Slavery Index, Canada has been identified as a low inherent risk country for forced and/or child labour.

Risks of modern slavery may exist in the outer tiers of the supply chain supporting Homestead Co-op's operations. Raw materials included in the manufacture of computer hardware, electronics, textiles, and office furniture rely on ingredients sourced globally often from countries with a higher prevalence of, and vulnerability to forced labour and child labour. As well, there is risk of forced labour and debt bondage in services provided by third party companies such as property maintenance, cleaning, food services, transportation, courier, and accommodations. These industries may involve employers withholding wages, excessive working hours, complex and opaque subcontracting arrangements, and workers on temporary visas with limited bargaining power and awareness of their rights at work.

4. Remediation of Forced and Child Labour

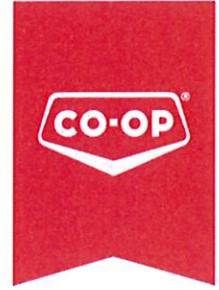
Homestead Co-op is not currently aware of any forced labour or child labour practices occurring within its supply chain or in its activities. Accordingly, other than as noted below, Homestead Co-op has not undertaken any measures to remediate any forced labour or child labour to date. Homestead Co-op has taken action to remediate potential risks of forced and child labour through deployment of the policies and procedures outlined in Section 2 of this report. In the future, Homestead Co-op will explore opportunities to audit and monitor suppliers to reduce the risk of forced and child labour. If specific incidents of forced and child labour are identified, taking a risk-based approach Homestead Co-op will determine what remedial actions steps may be taken.

5. Remediation of Loss of Income

Homestead 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

Homestead Co-op currently does not provide formal training to its employees specifically addressing forced labour and child labour. More general training and attestation are currently required for all employees to ensure compliance with Homestead Co-op on company ethical standards, policies, laws, and regulations. These standards, policies, laws, and regulations are applicable to everyone that conducts business on behalf of the organization, which includes Homestead Co-op's Board of Directors, the Senior Leadership Team, and all current and new employees. Homestead Co-op has identified the opportunity to incorporate human rights



awareness training and attestation to create awareness and the associated risks of forced and child labour.

7. Efficacy of Actions

Homestead Co-op currently does not have any policies or practices in place to measure and track Homestead Co-op's success in preventing and reducing risks of forced labour and child labour in its business and supply chains.

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: Liza Penner

Title: Director and President, Homestead Consumers Co-op Ltd.

Date May 27, 2024

A handwritten signature in black ink, appearing to read "Liza Penner".

Signature

I have the authority to bind Homestead Consumers Co-op Ltd. This report has been reviewed and approved by the Board on behalf of itself.