

Lake Country Co-operative
Association Limited



Forced Labour in Canadian Supply Chains

Lake Country Co-operative Association Limited

May 21, 2024



Contents

Introduction.....	3
1. Structure, Activities, and Supply Chain	3
2. Policies and Processes in Relation to Forced and Child Labour	5
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	7



Introduction

This report is Lake Country 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 October 28, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Lake Country Co-op. The reporting entity covered by this statement is Lake Country Co-operative Association Limited, business number 10430313

For the purposes of the Act, Lake Country 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. Lake Country 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.

Lake Country 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, Lake Country 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 our core values of honesty, innovation, responsibility and respect, Lake Country 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 Prince Albert, Saskatchewan, and operating in 20 communities across north central Saskatchewan, Lake Country Co-operative Association Limited is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. Lake Country Co-op is in turn owned by 54,682 members in Saskatchewan. As part of the CRS, Lake Country Co-op helps build, feed and fuel individuals in our local communities. We employ approximately 1,250 individuals.

Activities

Lake Country Co-op operates in the following Saskatchewan communities: Alvena, Air Ronge, Big River, Birch Hills, Canwood, Choiceland, Domremy, Debden, Emma Lake, Kinistino,



La Ronge, Marcelin, Nipawin, Paddockwood, Prince Albert, Shellbrook, Smeaton, Shell Lake, Spiritwood, and Wakaw.

Lake Country Co-op's business is largely business-to-consumer focused on serving the 20 communities in which we operate. Our core retail lines of business include food, liquor, pharmacy, agriculture, home and building, fuel, and convenience stores.

Supply Chain

Wholesale and Retail Trade

Federated Co-operatives Limited sources and distributes products across many primary consumer and business lines to Lake Country Co-op with 64 retail locations in 20 communities in Saskatchewan including food, home and building supplies, crop inputs, fertilizer, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Lake Country Co-op sources approximately 85 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 15 percent of products are sourced by Lake Country Co-op from local suppliers or suppliers mainly within Canada. A small portion of goods for resale are sourced from the USA.

Lake Country Co-op'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	Grocery items, convenience store items, liquor and pharmacy
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

Internal

Lake Country Co-op maintains Compliance and Ethics policies to which all employees must adhere to through an employee Code of Conduct. Lake Country 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. Lake Country Co-op's People and Culture team regularly reviews human resource related policies to ensure Lake Country Co-op remains in compliance with applicable workplace and labour legislation.

Lake Country 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 Saskatchewan's labour laws, Lake Country Co-op does not employ anyone under the age of 14. Employees under the age of 18 are not permitted to work during school hours and the tasks they perform are low risk and do not meet the definitions outlined in the legislation.

Lake Country Co-op is exploring the implementation of effective grievance and remediation mechanisms in effort to address concerns or potential cases of forced and child labour in the supply chain. Lake Country 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:

- Development of a remediation framework with information on when to safeguard the victim, develop and implement a corrective action plan with the employer, alert national authorities and consult a third-party expert organization;
- Implementation of a software solution to audit suppliers; or
- Develop a grievance mechanism that suppliers' employees can access anonymously in a format that is inclusive and accessible.

3. Identification of Risks

Lake Country Co-op's main supplier, FCL, accounts for 85% 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, Lake Country Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 15% of goods purchased by Lake Country Co-op are procured from outside of FCL. The main categories purchased outside of FCL by Lake Country Co-op are tobacco, liquor, and pharmacy which are all sourced from companies within Canada. Using *Walk Free's Global Slavery Index*, Lake Country Co-op has found the following in relation to the procurement of goods from the most material suppliers:

- a. An inherent risk of child and forced labour has been identified in the procurement of tobacco. Lake Country Co-op is exploring opportunities to implement a supplier code of conduct to minimize potential risk in this area.

4. Remediation of Forced and Child Labour

Lake Country 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, Lake Country 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, Lake Country Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Lake Country 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 Lake Country 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 Lake Country Co-op Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Lake Country 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, Lake Country 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

Lake Country 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.

Brad Casavant, CPA, CGA
Chief Financial Officer
May 21, 2024

A handwritten signature in black ink, appearing to read "Brad Casavant", written over a horizontal line.

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