

Lakeland Petroleum Services Co-operative Ltd.



Forced Labour in Canadian Supply Chains

Lakeland Petroleum Services Co-operative Ltd.
(o/a Lakeland Co-op)

May 2024



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Introduction

This report is **Lakeland Petroleum Services Co-operative Ltd.** 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 'Lakeland Co-op' 'the Co-op', 'we', 'us', and 'our' refer to Lakeland Petroleum Services Co-operative Ltd. The reporting entity covered by this statement is Lakeland Petroleum Services Co-operative Ltd. business number 102942364.

For the purposes of the Act, Lakeland Co-op meets the entity definition by having a business in Canada, doing business in Canada and meeting two of the three threshold criteria for revenue, assets and employees. Lakeland 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.

Lakeland 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, Lakeland 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 Teamwork, Lakeland 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 Bonnyville and Cold Lake, Alberta, Lakeland 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 (Federated Co-op Ltd.). Lakeland Co-op is in turn owned by 5800 members in Alberta. As part of the CRS, Lakeland Co-op helps build, feed and fuel individuals and in our local communities. We employ 77 individuals.

Activities

Lakeland 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, agriculture, home and building, fuel, convenience stores, and clothing.



Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Lakeland Co-op with 6 retail locations in 2 communities in Alberta including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Lakeland Co-op sources 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.

The remaining 2% percent of products are sourced by Lakeland Co-op from local, within Canada, and within the United States.

Supply Chain

Lakeland Co-op 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 supplies, business supplies, maintenance chemicals/fluids, livestock supplies, tack, RV supplies,
FOOD	Convenience store items, pharmacy, candy, subs/sandwiches, pizza, popcorn, grocery,
HOME AND BUILDING SUPPLIES	Hardware, lumber, building materials, tools, seasonal, plumbing, and electrical products
CLOTHING	Western wear, coveralls



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

Internal Code of Conduct

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

Lakeland 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 Alberta's labour laws, Lakeland Co-op does not employ anyone under the age of 16, and follows all applicable young worker restrictions for employees under the age of 18. Any youth under 18 employed are not permitted to work during school hours, unless on school breaks. In addition, the tasks the youth perform are low risk and do not meet the definitions outlined in the legislation.

Lakeland 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. Lakeland 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 Supplier Code of Conduct to all of our suppliers;

Supplier Code of Conduct and Contractual Obligations

Lakeland Co-op's supplier relationships are guided by the Supplier Code of Conduct. It applies to both domestic and foreign producers and manufacturers that supply goods and services (whether for resale in our stores or not for resale), agents, brokers and other third parties (collectively, "Suppliers") who conduct business with Lakeland Co-op. Suppliers must share the Supplier Code with their contractors, agents, sub-contractors and sub-agents, including any labour agencies who are engaged to assist with providing goods or performing services for



Lakeland Co-op (collectively, the “Related Parties”). By entering into standard terms and conditions or other contractual agreements with Lakeland Co-op, Suppliers and Related Parties, accept the terms of the Supplier Code and affirm compliance with its requirements. Lakeland Co-op’s Supplier Code sets minimum expectations and guidelines for Suppliers and obligates them to comply with applicable laws, including those regulations related to forced and child labour. It focuses on worker rights and protections, with a particular emphasis on prohibiting child, forced and trafficked labour, as well as any discrimination, intimidation, abuse, harassment or violence against these workers. Furthermore, Lakeland Co-op’s Supplier Code requires compliance with laws respecting workers’ freedom of association and right to collectively bargain their terms and conditions of employment, which include compensation and working hours. The Supplier Code also requires that a grievance mechanism or complaint procedure exists to allow workers to report workplace concerns. Lakeland Co-op keeps records of all contractual counterparties, and our supplier contracts generally contain risk mitigation and enforcement provisions, including audit rights for Lakeland Co-op and termination rights based on material breach of contract. Lakeland Co-op’s Supplier Code is managed by the People and Culture Department and is reviewed annually and updated as necessary.

3. Identification of Risks

Lakeland Co-op’s main supplier, FCL, accounts for 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, Lakeland Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 2% of goods purchased by Lakeland Co-op are procured from outside of FCL. Lakeland Co-op has 4 main categories of goods for resale, which include food, agriculture, fuel, and home and building supplies. These product lines are sourced from 1 different country, the United States. The figure below represents the countries of origin for United States. Key suppliers of Lakeland Co-op's Agro Store 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, the United States has been identified as a high inherent risk country for forced and/or child labour. Lakeland Co-op is exploring opportunities to implement a supplier code of conduct further to minimise this impending risk.

4. Remediation of Forced and Child Labour

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

5. Remediation of Loss of Income

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

Lakeland 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.

JP Stassen
General Manager
May 15, 2024

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

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