

Lloydminster & District Co-operative
Association Ltd.



Forced Labour in Canadian Supply Chains

Lloydminster & District Co-op

APRIL 22, 2024



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Introduction

This report is Lloydminster & District 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 February 3, 2024. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Lloydminster & District Co-op. The reporting entity covered by this statement is Lloydminster & District Co-operative Association Ltd., business number 103358008 and operating under the laws of the *Saskatchewan Co-operative Act*.

For the purposes of the Act, Lloydminster & District 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. Lloydminster & District 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. Due to timing, Lloydminster & District Co-op will not share this report with its members alongside the financial statements for the current reporting year.

Guided by core values of Integrity, Community, and Teamwork, Lloydminster & District 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 the city of Lloydminster, Saskatchewan, Lloydminster & District 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. Lloydminster & District Co-op is in turn owned by more than 23,000 active members in the provinces of Alberta and Saskatchewan. As part of the CRS, Lloydminster & District Co-op helps build, feed and fuel individuals in our local communities. We employ over 250 individuals in the two provinces and in 2023 have achieved sales of over 184 million dollars.

Lloydminster & District Co-op follows the local Co-op model in that its members elect the Board of Directors, who in turn hires the Chief Executive Officer. The Chief Executive Officer (CEO) then hires a senior leadership team made up of the Vice Presidents of Consumer Operations, People & Culture, and Finance, the Director of Marketing, as well as operational managers in the divisions of Petroleum, Propane, and Agriculture. Following the mission statement of *Members Together, Growing Community*, this leadership team provides direction and strategic



planning to the rest of the organization that has a member facing mentality.

Activities

Lloydminster & District 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, petroleum & propane fuel, convenience stores, and car wash locations. The following operations are part of Lloydminster & District Co-op:

City of Lloydminster, Alberta & Saskatchewan

- Administration Office
- North Agro Center & Cardlock
- South Agro Center
- Bulk Petroleum Office & Cardlock
- Bulk Propane Office
- Marketplace Food Store & Pharmacy
- Westside Tempo
- Hamptons Gas Bar/C-Store
- 18th Street Gas Bar/C-Store
- North Stop Gas Bar/C-Store
- Ironwells Gas Bar/C-Store & Car Wash

Neilburg, Saskatchewan

- Neilburg Food Store
- Neilburg Agro Center & Cardlock

Lashburn, Saskatchewan

- Lashburn Agro Center

Maidstone, Saskatchewan

- Maidstone Cardlock

In addition to the sites listed above, we also own small dispatching centers located in Turtleford and Kerrobert, Saskatchewan. We're currently in the process of constructing an additional two locations in the City of Lloydminster, Southview Car Wash & Southview Liquor, with completion expected in May of 2024.

Supply Chain



Lloydminster & District Co-op's product offering is diverse and is managed locally by operations managers within the retail. While a high percentage of our goods are sourced from Federated Co-operatives Limited, there are opportunities for us to support local producers, especially in our Food market, and there are also products that FCL is unable to supply, such as our pharmaceuticals or our tobacco products.

Table 1. Products Sourced for Resale

| CATEGORY | DESCRIPTION |
|--------------------|-------------------------------------------------------------------------------------|
| AGRICULTURE | Agriculture equipment, crop protection products, fertilizer, feed, and seed. |
| ENERGY | Fuel, lubricants, and propane. |
| FOOD | Dry grocery, pharmacy products, produce, meat, dairy, bakery, and tobacco products. |
| PHARMACY | Pharmaceutical drugs for prescription patients. |

Federated Co-operatives Limited

86.76% our goods for resale over the last fiscal year were sourced from our partner & supplier Federated Co-operatives Limited (FCL), based in Saskatoon, Saskatchewan. They are our primary supplier for:

- Grocery dry goods, fresh meat, deli products, fresh produce, and bakery inputs
- Petroleum fuels (gas, diesel, and diesel exhaust fluid) sold both in bulk & at gas bars
- Agriculture inputs (dry and liquid fertilizer, crop supplies, chemical)
- Oil & lubricants

In addition to being our main supplier for goods, FCL also provides us partnerships with other vendors using the EDI program, such as Kohl & Frisch pharmacy products. These product programs are managed by FCL, and goods are purchased within Canada or imported and distributed throughout the CRS using FCL's fleet, distribution centres, bulk fuel distribution centres, fuel terminals and fertilizer plants.

Federated Co-operatives Limited is also the producer of many of our goods available for resale. FCL operates the Co-op Refinery Complex (CRC) in Regina, Saskatchewan, which provides fuel across Western Canada. In addition, FCL is a member of the Interprovincial Cooperative limited (IPCO), which provides expert support in the formulation and repackaging of crop-



protection products.

In addition to the goods FCL provides for resale, they provide services to help us run our organization such as IT infrastructure support, accounting services, risk-management services, human resources support, recruitment, and ongoing employee training. They also assist with planning and developing capital construction projects and have an extensive marketing program to support the local Co-ops.

Goods not available from FCL

While FCL is a large company, there are some products they cannot provide to Lloydminster & District Co-op. As a result, goods are sourced from other vendors. These include, but are not limited to, the following products:

- Coca-Cola & PepsiCo beverages (combined 1.18% of total purchases)
- Tobacco Products (2.15% of total purchases)
- Propane Products (4.15% of total purchases)

Coca-Cola & PepsiCo Beverages

Coca-Cola and PepsiCo beverage products are provided at many of Lloydminster & District Co-ops locations for resale, and through partnerships with these individual companies and FCL, over 1.18% of our previous year's purchases are from these two companies. Coca-Cola Canada Bottling Limited is headquartered in Toronto, Ontario. PepsiCo Beverages Canada has six manufacturing facilities across the country, and is headquartered in Montreal, Quebec.

Cenovus & Pembina Energy

Our propane department at Lloydminster & District Co-op is a material source of where the goods are not supplied by FCL as mentioned above. Our propane product is sourced from both the Cenovus Energy and Pembina Pipeline Corporation, both headquartered in Calgary, Alberta. In the fiscal year ending February 3, 2024, Lloydminster & District Co-operative sourced approximately 4.15% of its overall goods for resale from these two companies.

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

Lloydminster and District Co-op maintains Compliance and Ethics policies to which all employees must adhere to through an annual Code of Conduct attestation. Lloydminster and



District 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. Lloydminster and District Co-op's People and Culture team regularly reviews human resource related policies to ensure Lloydminster and District Co-op remains in compliance with applicable workplace and labour legislation. All Lloydminster and District Co-op employees, including our youth workers:

- Review and sign the Lloydminster and District Co-op Code of Conduct on an annual basis.
- Have access and are encouraged to use the independent Ethics Hotline Program. Regular monitoring is in place.
- Have mandatory Human Resources orientation during onboarding.
- Have mandatory Health and Safety orientation during onboarding.
- Have mandatory attendance at quarterly department Health and Safety meetings.
- Have access to all policies and our safety manual.
- Have access to WHMIS and all safety training.
- Receive Lloydminster and District's Co-op Employee Handbook during onboarding.
- Have ongoing access to the Employee Handbook at each location. This is confirmed by VP of People and Culture on annual basis.

Lloydminster and District 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 labour laws, Lloydminster and District Co-op does not employ anyone under the age of 15 and follows all applicable young worker restrictions for employees under the age of 16. All employees under the age of 16 must have completed the Youth Worker Readiness Certificate course and must obtain written consent from a parent/ guardian before employment. As per labour standards, youth workers do not work more than 16 hours per week during the school year and are excluded from departments that are deemed by the Co-op as a higher risk for injury.

3. Identification of Risks

Lloydminster & District Co-op's supply chain mapping activities were limited to our most material vendors. Materiality was determined by selecting any purchases from vendors that make up more than 1% of our total purchases individually.

Lloydminster & District Co-op's main supplier, FCL, accounts for 86.76% 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, Lloydminster & District Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

FCL has provided this graphic within their own report to indicate the origin of country for the goods they source but not manufacture.

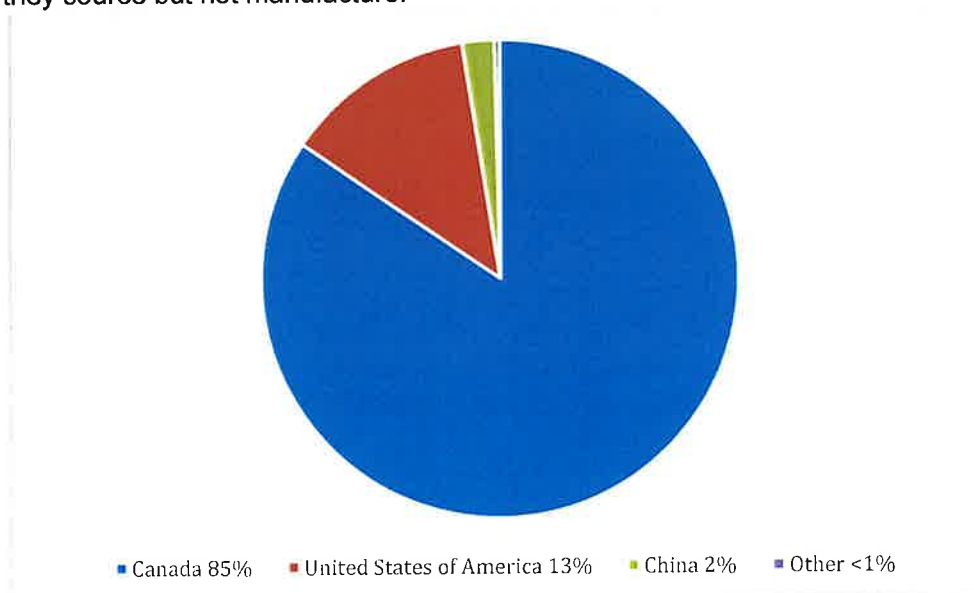


Figure 1. Total spend by country in fiscal year 2023 by FCL on goods procured for sale to local Co-ops.



The remaining 13.24% of goods purchased by Lloydminster & District Co-op are procured from outside of FCL. Lloydminster & District Co-op has several main categories of goods for resale, which include, food, agriculture, energy, pharmaceuticals, fuel, and farm equipment. To mitigate the future inherent risks with the suppliers of these goods, Lloydminster & District Co-op plans to implement the following policies:

- A letter to provide to our existing & new suppliers indicating the specific parameters around the act that will provide Lloydminster & District Co-op with the information necessary to complete the risk assessment in place.
- An internal controls procedure to identify and audit our suppliers.

The material suppliers outlined in section two have been audited by the Lloydminster & District Co-op management team. It was discovered that each of their company websites boast extensive human right & code of conduct policies are in place.

4. Remediation of Forced and Child Labour

Lloydminster & District 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, Lloydminster & District 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, Lloydminster & District Co-op will work with suppliers to determine and implement remedial action, pursuing legal action where necessary.

5. Remediation of Loss of Income

Lloydminster & District 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 Lloydminster & District 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 Lloydminster & District Co-op's Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Lloydminster & District 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, Lloydminster & District 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

Lloydminster & District 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.

Kemi Antonio
Kemi Antonio
Board President

Sherri Stephens
Sherri Stephens
Board Vice-President

Shea Kelly
Shea Kelly
Board Secretary

Barry Davis
Barry Davis
Board Member

Helen Rogers
Helen Rogers
Board Member

Chantelle Lefebvre
Chantelle Lefebvre
Board Member

Bernadette Poppleton
Bernadette Poppleton
Board Member

May 6/2024
Date of Attestation

I have the authority to bind Lloydminster & District Co-op. The Statement has been reviewed and approved by the Board on behalf of itself as per the members above.