

Neepawa-Gladstone Co-op Ltd.



Forced Labour in Canadian Supply Chains

Neepawa-Gladstone Co-op Ltd

May 22, 2024



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Introduction

This report is Neepawa-Gladstone 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 December 31, 2023. In this statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Neepawa-Gladstone Co-op Ltd. The reporting entity covered by this statement is Neepawa-Gladstone Co-op Ltd., business number **103846416**.

For the purposes of the Act, Neepawa-Gladstone Co-op Ltd. meets the entity definition by having a business in Canada, doing business in Canada and meeting two of three threshold criteria (i.e. revenue and assets). Neepawa-Gladstone Co-op Ltd. 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.

Neepawa-Gladstone Co-op Ltd. 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, Neepawa-Gladstone Co-op Ltd. 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.

The Co-op is guided by core values of conducting business with honesty and integrity while building trust with our members and community, Neepawa-Gladstone Co-op Ltd. is committed to making ethical business decisions and taking proactive measures to address issues such as forced and child labour.

Structure, Activities, and Supply Chain

Structure

Based in Neepawa, Gladstone and Langruth, Manitoba. Neepawa-Gladstone Co-op Ltd. 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). Neepawa-Gladstone Co-op Ltd. is in turn owned by over 18,437 total members. Members control their cooperative through a Board of Directors that they elect from among themselves. The Board of Directors is responsible for overseeing operations, approving an annual budget, and selecting a General Manager. The General Manager is responsible for the day-to-day operations.

As part of the CRS, Neepawa-Gladstone Co-op helps build, feed and fuel individuals and in our local communities. We employ 190 individuals. Neepawa-Gladstone Co-op Ltd.'s mission is to improve the economic position of our member owners by providing goods and services in a financially sound, responsible, and democratic structure.



Activities

Neepawa-Gladstone Co-op Ltd.'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 and convenience stores.

Neepawa-Gladstone Co-op Ltd. has 10 retail locations in 3 communities in Manitoba including:

- Food, home and building supplies, gas bars/convenience store, crop inputs, agricultural equipment, livestock feed, cardlock and bulk petroleum in Neepawa.
- Food, home and building supplies, gas bars/convenience store, crop inputs, agricultural equipment, livestock feed, cardlock in Gladstone.
- Keylock in Langruth.

Supply Chain

Wholesale and Retail Trade

Neepawa-Gladstone 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 Neepawa-Gladstone Co-op Ltd. primarily from local businesses within our trading area as well as other Manitoba businesses. The procurement spend on these products have been outlined in the "Identification of Risks" section in the following pages.

Neepawa-Gladstone Co-op Non-FCL Sourced Products for Resale

The remaining 2% of goods purchased by Neepawa-Gladstone Co-op Ltd. are procured from outside of FCL. Neepawa-Gladstone Co-op Ltd. has 3 main categories of goods for resale: food, agriculture, and home and building supplies.

Category	Description
Agriculture	crop protection products, seed, cattle tags
Food	drinks, meat, packaging supplies, newspapers, produce
Home and building supplies	flooring



Policies and Processes in Relation to Forced and Child Labour

Neepawa-Gladstone Co-op Ltd. maintains Compliance and Ethics policies to which all employees must adhere to through an annual Code of Conduct attestation. Neepawa-Gladstone Co-op Ltd. 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 whistleblowers from retaliation. Neepawa-Gladstone Co-op Ltd.'s Human Resources team regularly reviews human resource related policies to ensure Neepawa-Gladstone Co-op Ltd. remains in compliance with applicable workplace and labour legislation.

Neepawa-Gladstone Co-op Ltd. 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, Neepawa-Gladstone Co-op Ltd. does not employ anyone under the age of 13, and follows all applicable young worker restrictions for employees under the age of 16. Employees must complete the Young Worker Readiness Certificate course before they can begin working for Neepawa-Gladstone Co-op Ltd. and there are rules that restrict their hours of employment and the types of work they can perform that are low risk.

Neepawa-Gladstone Co-op Ltd. is currently evaluating our existing feedback mechanisms to expand accessibility for any potential exposures to forced and child labour in the supply chain.

Identification of Risks

FCL Products

Neepawa-Gladstone Co-op Ltd.'s main supplier is FCL. 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:
 - b) 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 and therefore, Neepawa-Gladstone Co-op Ltd. will continue working with FCL, as a co-operative, to establish stronger systems of controls to combat forced/child labour.. FCL has also submitted its own response to comply with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act. As FCL is a Tier 1 supplier to Neepawa-Gladstone Co-op Ltd., we will continue working with FCL to mature our joint approach to greater supply chain transparency.

Non – FCL Products

In assessing the risk of forced labour or child labour at the direct supplier level, Neepawa-Gladstone Co-op Ltd. has mapped our supply chain activities to identify the country of origin for the 2% of total procurement spend for 2023. These product lines are sourced from Canada.

Key suppliers of Neepawa-Gladstone Co-op's Ltd. are agriproducts, chemical and seed manufacturers as well as flooring manufacturers. 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 high risk country has been identified as a high inherent risk country for forced and/or child labour. Although the risk is low, Neepawa-Gladstone Co-op Ltd is still considering exploring opportunities to implement a supplier code of conduct policy or procedures to minimise this potential risk.

Remediation of Forced and Child Labour

Neepawa-Gladstone Co-op Ltd. 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, Neepawa-Gladstone Co-op Ltd. will explore opportunities to enhance the assessment of measures taken including monitoring of suppliers to reduce the risk of forced and child labour. If specific incidents of forced and child labour are identified, Neepawa-Gladstone Co-op Ltd. will work with suppliers to determine and implement remedial action.

Remediation of Loss of Income

Neepawa-Gladstone Co-op Ltd. 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. Neepawa-Gladstone Co-op Ltd. will continue to monitor its operations or supply chains for child or forced labour.



Employee Training

Annual training and attestation are currently required for all employees to ensure compliance with Neepawa-Gladstone Co-op Ltd.'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 Neepawa-Gladstone Co-op Ltd. Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Neepawa-Gladstone Co-op Ltd. 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, Neepawa-Gladstone Co-op Ltd. 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.

Efficacy of Actions

Neepawa-Gladstone Co-op Ltd. 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.

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.

Brian Hedley
General Manager
May 22, 2024

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

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

