



New Horizon Co-operative Limited

Forced Labour in Canadian Supply Chains

New Horizon Co-operatives Limited

Updated **May 2024**



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Introduction

This report is New Horizon Co-operative Limited's (NHC) 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. The reporting entities covered by this statement are NHC, business number 10216 8846.

For the purposes of the Act, NHC 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. NHC is incorporated provincially under the Alberta Co-operatives Act 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, NHC will not share this report with its members alongside the financial statements for the current reporting year. However, NHC will align its practices to produce and distribute this report alongside the financial statements for future years.

NHC 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, NHC 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, excellence, people, and community, NHC 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 Grande Prairie, Alberta, NHC is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. NHC is a locally owned co-operative reporting to its membership through an elected Board of Directors. NHC has locations in Grande Prairie, Grande Cache, Falher, Valleyview, Fox Creek, Hythe, Beaverlodge, La Glace, Rycroft, and Fairview, serving over 69,000 members. NHC is committed to embracing the co-operative model through local investment, community mindedness, care for the environment and lifetime membership benefits.

Activities

NHC's business is comprised of business-to-business and business-to-consumer, focusing on serving independent businesses and consumers alike. NHC's core business lines include retail trade comprised of food, liquor, pharmacy, home and building, fuel, convenience stores



and soft goods along with a grow operation used for in-house supply and sale of leafy greens and herbs. Under NHC's current business configuration, NHC owns six cardlocks, seven gas bars, nine food stores, five liquor operations, one hardware store and one grow operation serving the nine communities in which its operations reside. We employ 400 individuals on average based on our current operations.

Supply Chain

NHC's supply chain is comprised of products sourced for resale and products that are grown by NHC through the Local Garden grow-op. NHC is part of the CRS which includes the ownership of FCL of whom NHC sources most of its goods for resale. 100% of goods sourced for resale are through Canadian supply channels.

Wholesale and Retail Trade

NHC sources and distributes products it receives from its primary supplier FCL. Products sourced through FCL include primary business lines of food, home and building supplies, livestock feed, propane, lubricants, and petroleum products. Other products we sell or distribute are sourced either through local businesses or other distribution centres to supplement what FCL offers. These products are purchased within Canada or imported and obtained through the CRS using FCL's distribution centres, approved Alberta Gaming, Liquor & Cannabis (AGLC) distribution channels, third party suppliers, and our locally owned grow-operation.

NHC sources 91 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, and fuel terminals.

The remaining 9% of goods sourced by NHC are from local and other Canadian suppliers through their distribution channels.

Grow-op.

The Local Garden in Grande Prairie, Alberta, has the capacity to grow 1800 plants per month that are distributed to the nine food stores NHC operates for resale.



Table 1. Wholesale and Retail Trade: Products Sourced for Resale

Category	Description
FOOD	Grower to support food stores. Convenience store items, liquor, groceries, produce, pharmacy products and candy.
Energy	Fuel, lubricants, propane
Home and Building Supplies	Wholesaler and private label products (hardware, steel, tools, paint, seasonal, plumbing, and electrical products)
Clothing	Gloves, toques, sunglasses, and other PPE

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

Internal

NHC is committed to implementing policies pertaining to a Code of Conduct and Anonymous Reporting or Whistleblowing along with processes to protect anonymity of whistle-blowers. NHC's People and Culture team are committed to the regular review of all policies to ensure they remain in compliance with all applicable workplace and labour legislation.

Currently, NHC uses a Local Product Sell to Us Guide required to be completed by any potential outside suppliers. This guide contains a request for various vendor information pertaining to the food industry. It will be updated to include vendor compliance with Bill S-211 and documentation supporting the vendors' claims.

NHC ensures that there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. NHC adheres to the provincial employment standards for minimum age of employment in Alberta and does not have any employees under the age of 15. NHC follows the Canadian Standard in accordance with the Canadian Labour Code.

New Horizon Co-op ensures that there is reduced risk of forced labour in operations through strict adherence to provincial and federal labour laws. As per Alberta labour laws, New Horizon Co-op does not employ anyone under the age of 15 and for youth aged 15 to 17, we comply with the following restrictions:

- Employees who are 15 years of age cannot work during regular school hours unless enrolled in an off-campus education program.
- Employees 15 to 17 years of age who work in retail can only work between 9 pm and 12 am with adult supervision. They cannot work between 12:01 am and 6



am.

In addition to these restrictions outlined in Alberta Labour Standards, it is New Horizon Co-op's practice to not employ youth in high risk and safety sensitive positions. For example, a Meat Cutter position would require the employee to be 18 or older due to the equipment being used to complete their tasks. Job duties for employees aged 15 to 17 are mainly low risk and may include cash handling, customer service, stocking shelves, filling vehicles with fuel, and simple food production/preparation.

NHC is exploring the implementation of effective grievance and remediation mechanisms to address concerns or potential cases of forced and child labour in the supply chain. NHC'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 system to audit suppliers; or
- Develop a grievance mechanism that suppliers' employees can access anonymously in a format that is inclusive and accessible.

Suppliers

NHC has a long tradition of sourcing local products and supporting local businesses. NHC suppliers offer a high standard of service and quality products and share our values of integrity, excellence, people, and community.

NHC has procedures in place to ensure supplier partnerships follow Bill S-211 and guidance from the Organization for Economic Co-operation and Development (OECD).

Through our main supplier FCL, NHC is reliant on their policies and sourcing guidelines to ensure that Bill S-211 is adhered to. Within the structure of the CRS of which FCL is part of, NHC is one of the 158 autonomous retail owners of FCL. With the other suppliers NHC utilizes to fulfill the other 9% of goods purchased.

3. Identification of Risks

NHC's main supplier, FCL, accounts for 91% 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, NHC will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 9% of goods purchased by NHC are procured from outside of FCL. NHC has 6 main categories of goods for resale, which include food, energy, pharmaceuticals, liquor, fuel, and home and building supplies. These product lines are sourced from within Canadian supply chains. NHC is exploring opportunities to implement a supplier code of conduct to further minimize this impending risk.

4. Remediation of Forced and Child Labour

NHC 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, NHC 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, NHC will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

NHC has not identified any instances of 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.

6. Employee Training

Signed acknowledgement is required for all employees upon hire to ensure compliance with NHC's Employee Handbook on company ethical standards, policies, laws, and regulations. The Employee Handbook is applicable to everyone that conducts business on behalf of the



organization which includes the NHC Board of Directors, the Senior Leadership Team and all current and new employees and contractors. NHC has identified the opportunity to incorporate human rights awareness training into the onboarding process to create awareness and the associated risks of forced and child labour. In addition, NHC 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

NHC 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.

Full name Sandra Bennion
Title Board President
Date May 8, 2024

A handwritten signature in blue ink that reads "S. Bennion".

I have the authority to bind New Horizon Co-operative Limited. The Statement has been reviewed and approved by the Board on behalf of itself.