



North Central

North Central Co-operative Association Ltd.

Forced Labour in Canadian Supply Chains
North Central Co-op

May 2024

(for the fiscal year ending January 31, 2024)



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Introduction

This report is North Central Co-operative Association 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 January 31, 2023. In this Statement, the terms "North Central Co-op", "NCC", "we", "us" and "our" refer to North Central Co-operative Association Ltd. The reporting entity covered by this statement is North Central Co-operative Association Ltd.'s Business Number 105034516.

For the purposes of the Act, North Central Co-operative meets the definition by having a business in Canada, doing business in Canada, and meeting all three threshold criteria for revenue, assets, and team members. North Central 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.

North Central 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, North Central 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 the core values of Responsibility, Community, and Integrity, North Central Co-op is committed to making ethical business decisions and taking proactive measures to address issues.

1. Structure, Activities and Supply Chain

Structure

Based in Stony Plain, Alberta, North Central Co-op is a co-operative that is owned by 130,973 members across the greater Edmonton area. With over 650 team members, North Central Co-op is, in-turn, one of 158 independent retailing co-operatives who own Federated Co-operatives Limited (FCL) with nearly 2 million member/owners across western Canada. Together, we are a part of the Co-op Retailing System (CRS) who share a focus on community mindedness and local investment.

Activities

North Central Co-op's business is largely business to consumer focused, serving communities across north central and western Alberta in which we operate. North Central Co-op has over 50 locations across our trading area, providing food, pharmacy, liquor, consumer and bulk fuel, home and building solutions, and agro supplies to both urban and rural residents and businesses.

Supply Chain

In 2024, North Central Co-op acknowledged the FCL led social responsibility agreements for our food and Home and Building Solutions (HABS) suppliers, to ensure our private label suppliers are upholding our commitment to responsible sourcing. North Central Co-op's supply chain is comprised of products that are manufactured and/or outsourced by FCL legally owned entities and products sourced for resale.

North Central Co-op sources 90.7% 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.

Supplemental products totaling 9.3% are sourced as preferred vendors of FCL or additional locally sourced vendors. 8.2% of product purchases are from pharmacy, liquor, tobacco and lotto vendors which cannot be sourced from FCL directly and the additional 1.1% are from other vendors. FCL preferred vendors are vetted through social responsibility assessments. The local vendors are national businesses vetted through operational policies as listed in Section 2. North Central Co-op provides essentials needed in the communities it serves as detailed in the table below:

Category	Description
Agriculture	Agriculture equipment, crop protection products, fertilizer, and feed.
Energy	Fuel, lubricants and propane.
Food	Food products sourced for resale including convenience store items, liquor, and pharmacy.
Home and Building Solutions	Home and building supplies including hardware, lumber, building materials, tools paint, seasonal, plumbing, and electrical products.

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

North Central Co-op maintains compliance and ethics policies to which all team members must adhere to through an annual Code of Conduct attestation. North Central 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. Policies are put in place to protect the anonymity of whistleblowers from retaliation. North Central Co-op's People and Culture team regularly reviews human resource related policies to ensure North Central Co-op remains in compliance with applicable workplace and labour legislation.

North Central Co-op ensures there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per the Government of Alberta's Employment Standards Code, North Central Co-op does not employ anyone under the age of 14 and follows all applicable young worker restrictions for team members under the age of 18. Team members aged 14 require parent or guardian consent, in addition to only allowing employment if it does not have a negative impact on life, health, education, or the welfare of the team member. Team members 14-17 are also restricted to working between the hours of 6am and 9pm and cannot work during school hours (unless enrolled in an off-campus education program), can only work up to two hours outside of regular school hours (on school days), and can work a maximum of 8 hours on non-school days. Team members aged 15 to 17 are also unable to work during school hours (unless enrolled in an off-campus education program) and can only work between the hours of 9am and 12am with adult supervision (in retail or hospitality industries). They are unable to work between the hours of 12:01am and 6am. Outside of the retail or hospitality industries, team members between the ages of 15 and 17 can work between 12:01am and 6am with parental consent and adult supervision.

Policies specific to North Central Co-op, put in place to protect both team members and employer are:

Code of Conduct – Operational Policy 200.000.05

Outlines expectations of NCC team members in regard to integrity and maintaining high ethical standards.

Ethics Hotline (Whistleblower Policy) – Operational Policy 200.000.28

Provides guidelines supporting the Ethics Hotline program, providing a mechanism for our team members to report what they believe to be fraudulent or unethical behaviour while maintaining their anonymity and confidentiality.



The hotline is administered by a third party and accessed through a toll-free number.

Compliance and Ethics Program – Operational Policy 200.000.28.1

To promote North Central Co-operative Association Ltd.'s commitment to compliance and ethics through development of a program that promotes the highest standard of ethical and legal conduct. Standards of conduct and procedures for team members are implemented to guide this effort in ensuring compliance with all government and industry regulatory body requirements.

Legal Rights – Operational Policy 200.000.33

Provides team members with their legal rights under the Canadian Charter of Rights and Freedoms, levels of government and law enforcement agencies.

Employment – Operational Policy 700.000.03

Outlines NCC fundamental principles regarding team member equity and human rights.

Health & Safety – General – Operational Policy 700.000.06

States the NCC commitment to the health, safety, and well-being of all its team members.

North Central Co-op also maintains CORE Certification annually with internal and external audits of policies and practices.

Ethics – Operational Policy 700.000.23

The practice and demonstration of fair treatment and professionalism in relation to all vendors, suppliers, customers, team members, potential team members, potential vendors or suppliers and any other individual and that their behaviour is legal, honest, and not compromise NCC interests, policies, nor contravene any law or regulation.

Right to Refuse Unsafe Work – Operational Policy 900.000.08

North Central Co-operative Association Ltd. will provide and ensure that team members have knowledge of and understand their right to refuse unsafe work.

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

FCL and NCC led and implemented team member trainings and classes. Trainings and classes would focus on identifying and educating current and future vendors on the risks of child and forced labour, as well as how to recognize possible persons at risk of child or forced labour.

3. Identification of Risks

As North Central Co-op's main supplier, FCL continues to assess the risk of forced labour or child labour at the direct supplier level for this relationship. FCL has concluded 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**.

- A) Goods procured within the local food categories of 1) protein foods (especially seafood); 2) beverages (especially coffee); and 3) other (specifically chocolate);
 - An inherent risk of child and forced labour has been identified within the above categories. FCL has a sustainable seafood policy and sustainability sources fair-trade certified products to mitigate these risks.

- B) Good procured for home building centres:
 - 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, North Central Co-op will be relying on this ongoing assessment to continue assessing goods procured from FCL.

The remaining 10.3% of goods purchased by North Central Co-op are procured from outside FCL. Pharmaceuticals, liquor, fuel, and home and building supplies, and identified inherent risks of forced



and/or child labour. To mitigate the inherent risks with these food types, North Central Co-op has implemented the policies outlined in Section 2, as well as management oversight controls.

4. Remediation of Forced and Child Labour

North Central Co-op has taken action to remediate potential risks of forced and child labour through deployment of the policies outlined in Section 2 of the report. In the future, North Central 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/or child labour are identified, North Central Co-op will work with suppliers to determine and implement remedial action. This will include through increased team member training, social responsibility attestations, and vendor risk assessments.

5. Remediation of Loss of Income

North Central Co-op has not identified any child or forced labour in operations or supply chains, and therefore at this time no measures have been taken to remediate the loss of income to vulnerable families. North Central Co-op will continue to review and will take appropriate measures as identified.

6. Team Member Training

Annual training and attestation are currently required for all team members to ensure compliance with North Central Co-op's Code of Conduct policy 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 North Central Co-op's Senior Leadership Team, and all current and new team members and contractors. North Central 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, North Central 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 operations and supply chains. These opportunities will be evaluated on an ongoing basis.

7. Efficacy of Actions

North Central 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 these actions. Success will be evaluated by tracking relevant performance indicators, such as levels of team member awareness, development of a social responsibility agreement, number of team members in procurement



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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 purpose of the Act, for the reporting year listed above.

I, Dianne Brown, have the authority to bind North Central Co-operative Association Ltd.

Dianne Brown

Dianne Brown
President, North Central Co-operative Association

May 21, 2024

Date