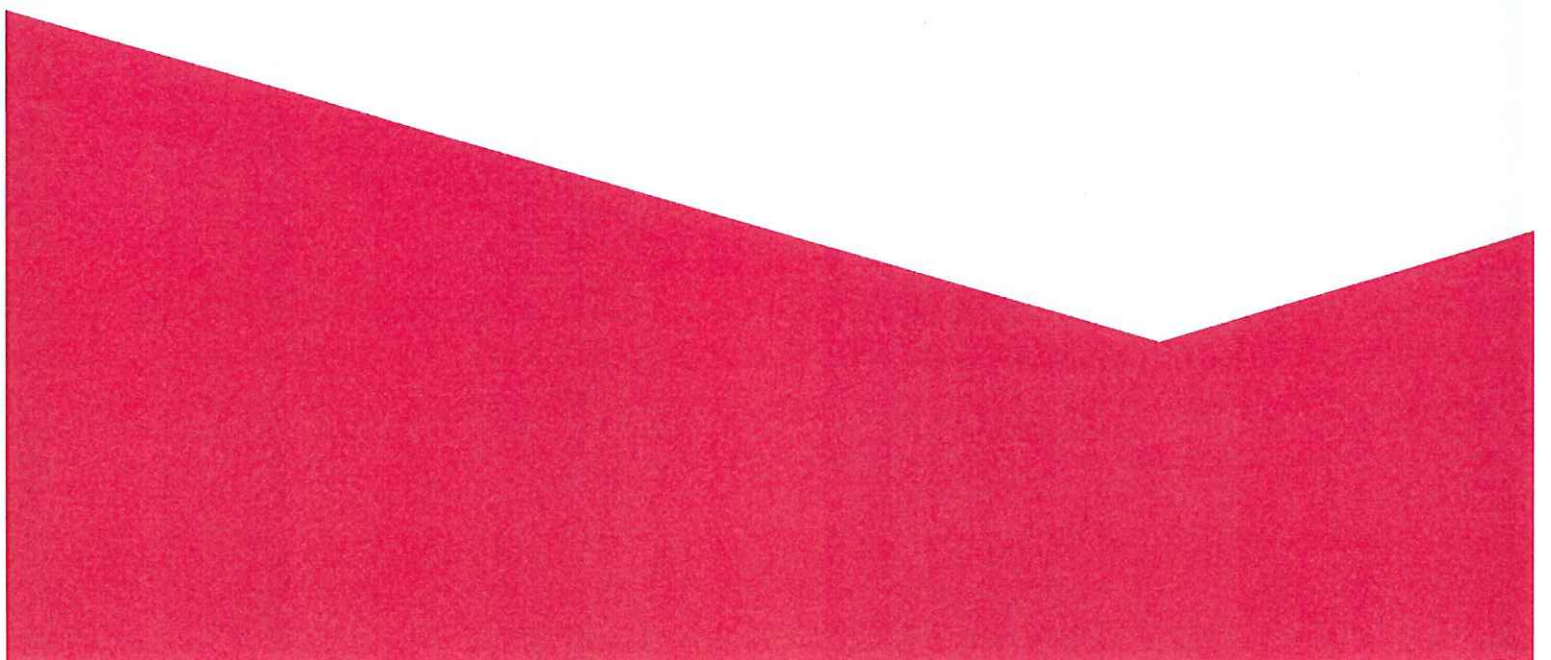




Forced Labour in Canadian Supply Chains

Red River Cooperative Ltd.

May 2024





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Introduction

The Fighting Against Forced Labour and Child Labour in Supply Chain Act (the **Act**) was introduced to fight against forced labour and child labour risk that occur primarily through the global supply chains of businesses. All businesses have a responsibility to ensure that exploitative practices are addressed and removed from their supply chain. This report is Red River Cooperative Ltd.'s (**RRC**) response to comply with Section 11 of the Act for the financial year ending October 31, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Red River Cooperative Ltd.

For the purposes of the Act, RRC 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. RRC 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.

RRC 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, RRC 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, Teamwork, Caring, Excellence and Accountability, RRC 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

RRC is a retail company that serves communities within Manitoba and Northwestern Ontario. The head office is based in Winnipeg, Manitoba. RRC 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-operative Limited (**FCL**). RRC is in turn owned by approximately 328,000 members. As part of the CRS, RRC helps feed and fuel individuals in our local communities. RRC has 47 Gas Bars, 6 Cardlocks, 9 Food Stores and 2 stand-alone Pharmacies. As of October 31, 2023 we employ approximately 900 individuals.

The reporting entity covered by this statement is Red River Cooperative Ltd.



Activities and Supply Chain

RRC's business is largely business-to-consumer focused on serving the communities in which we operate. Our core retail lines of business include grocery stores, pharmacy, fuel and convenience stores.

Wholesale and Retail Trade

RRC's sells goods directly to end use consumers through a number of retail grocery stores, stand-alone pharmacies, gas bars with convenience stores and direct bulk fuel delivery. Our supply chain is comprised of products that are manufactured or sourced by FCL legally owned entities and products locally sourced for resale. FCL sources and distributes products across many primary consumer and business lines including; food, propane, lubricants, and petroleum. RRC sources 97% 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 3% percent of products are sourced by RRC from Canadian vendors.

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

RRC maintains Compliance and Ethics policies to which all employees must adhere to through a Code of Conduct attestation that every employee signs off on when hired. RRC 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. RRC's Human Resources team regularly reviews human resource related policies to ensure RRC remains in compliance with applicable workplace and labour legislation.

RRC ensures 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, RRC does not employ anyone under the age of 13, and follows all applicable young worker restrictions for employees under the age of 16. In addition, our time and attendance system will not allow anyone 16 or younger to work more than 20 hours per week in accordance with the Manitoba Employment Standards.

RRC is committed to ensuring that all employees are knowledgeable on Human Rights. We require all individuals in a management role to undertake Human Rights and Accessibility training every three years. In addition, we have other programs, such as Diversity, Equity and Inclusion program which includes a committee comprised of management and non-management staff. We offer training to all employees on Truth and Reconciliation.

RRC 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.



RRC'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:

- Develop a Supplier Code of Conduct for responsible procurement;
- Develop a Supplier self-assessment questionnaire;
- Engage in a review of our processes with the goal of continuous improvement;
- Develop a mechanism to Audit the program either internally or by a third party;
- Develop a grievance mechanism that suppliers' employees can access anonymously in a format that is inclusive and accessible.

3. Identification of Risks

RRC has three main categories of goods for resale, which include, food, pharmaceuticals and fuel. RRC has mapped their supply chain activities to identify product shipping location and country of origin. As a result of the mapping exercise, RRC determined that 100% of their products are sourced in Canada.

RRC's main supplier, FCL, accounts for 97% 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.

FCL is exploring opportunities to understand and reduce the risk of forced and child labour within their supply chain therefore, RRC will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 3% of goods purchased by RRC are procured from outside of FCL. These are primarily products supplied by companies within Canada.



4. Remediation of Forced and Child Labour

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

5. Remediation of Loss of Income

RRC 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 RRC'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 RRC Board of Directors, the Senior Leadership Team and all current and new employees and contractors. RRC requires all management employees to take human rights awareness training every three years which assist to create awareness and the associated risks of forced and child labour. In addition, RRC 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

RRC 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 number of employees completion of Human Rights training, number of vendors completing and signing the Supplier Questionnaire and 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: Craig Gilpin
Title: Chief Executive Officer
Date: May 30, 2024

Full name: Ward Weisensel
Title: President
Date: May 30, 2024



Signature



Signature

I have the authority to bind Red River Cooperative Ltd. The Statement has been reviewed and approved by the Board on behalf of itself.