

**Sherwood Co-operative
Association Limited**



Forced Labour in Canadian Supply Chains

Sherwood Co-operative Association Limited

May 1, 2024





Contents

Introduction.....	3
1. Structure, Activities, and Supply Chain	3
2. Policies and Processes in Relation to Forced and Child Labour	6
3. Identification of Risks.....	7
4. Remediation of Forced and Child Labour.....	8
5. Remediation of Loss of Income.....	9
6. Employee Training.....	9
7. Efficacy of Actions	9
8. Approval and Attestation of the Report	10



Introduction

This report is Sherwood Co-operative Association Limited's response to comply with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act) for the fiscal year ending January 31, 2024. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Sherwood Co-operative Association Limited. The reporting entity covered by this statement is Sherwood Co-operative Association Limited, business number 104835376.

For the purposes of the Act, Sherwood Co-operative Association Limited 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. Sherwood Co-operative Association Limited 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.

Sherwood Co-operative Association Limited 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, Sherwood Co-operative Association Limited 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 Service Excellence, Teamwork and Pride, Sherwood Co-operative Association Limited is committed to making ethical business decisions and taking initiative and measures to address issues such as forced and child labour.

1. Structure, Activities, and Supply Chain

Structure

Based in Regina, Saskatchewan, Sherwood Co-operative Association Limited is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. Sherwood Co-operative Association Limited is in turn owned by over 87,000 members in Western Canada, with the majority residing in Saskatchewan. As part of the CRS, Sherwood Co-operative Association Limited helps build, feed and fuel individuals in our local communities. We employ over 700 individuals in the communities of Regina, Emerald Park/White City, Indian Head, Montmartre, Southey and Dysart, Saskatchewan.

Sherwood Co-operative Association Limited 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 Directors of Food & Liquor,



Human Resources, Petroleum, and Finance, as well, the Community Engagement Manager and the Home Centre Manager. Following the Mission Statement, “To provide a positive, co-operative retail experience, for the benefit of our members and our communities”, this leadership team provides direction and strategic planning to the rest of the organization that has a member facing role.

Activities

Sherwood Co-operative Association Limited’s business is largely business-to-consumer focused on serving the communities in which we operate in Regina, Emerald Park/White City, Montmartre, Indian Head, Southey, and Dysart, Saskatchewan. Our core retail lines of business include the sale of retail goods in food, liquor, pharmacy, agriculture, home and building, fuel, convenience stores, and carwash locations. The following operations are part of Sherwood Co-operative Association Limited:

City of Regina, Saskatchewan

- Administration & Petroleum Office
- Home & Building Centre
- Rochdale Gas Bar & Carwash
- Albert & Avonhurst Gas Bar & Carwash
- Horizons Way Gas Bar & Carwash
- Argyle Gas Bar & Carwash
- Park & Dewdney Gas Bar/Cardlock & Carwash
- South Albert Gas Bar & Carwash
- Home Centre Gas Bar & Carwash
- Chuka Gas Bar & Carwash
- Prince of Wales Gas Bar & Carwash
- Grasslands Gas Bar & Carwash
- Rochdale Food Store & Pharmacy
- Quance Food Store & Pharmacy
- South Albert Grocery & Pharmacy
- Harbour Landing Food Store & Pharmacy
- Harbour Landing Liquor Store

Emerald Park, Saskatchewan

- Emerald Park Gas Bar & Carwash

Indian Head, Saskatchewan

- Indian Head Hardware & Cardlock



Montmartre, Saskatchewan

- Montmartre Food Store
- Montmartre Hardware/Gas Bar & Cardlock

Southey, Saskatchewan

- Southey Food Store
- Southey Gas Bar
- Southey Tire
- Southey Cardlock

Dysart, Saskatchewan

- Dysart Hardware and Keylock

In addition to the sites listed above, we are also in the process of constructing two additional liquor stores within the City of Regina, with completion expected in July 2024 and into early 2025.

Supply Chain

Wholesale and Retail Trade

Federated Co-operatives Limited (FCL) sources and distributes products across many primary consumer and business lines to Sherwood Co-operative Association Limited with 23 retail locations in 6 communities in Saskatchewan including food, home and building supplies, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Sherwood Co-operative Association Limited sources 94.22 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 5.78 percent of products are sourced by Sherwood Co-operative Association Limited from large vendors such as Rothman Benson Hedges, Imperial Tobacco, Coca Cola, Pepsi and another 1300 local and domestic vendors within Canada.

Sherwood Co-operative Association Limited's supply chain is comprised primarily of products that are manufactured by FCL legally owned entities and products that are sourced for resale.

CATEGORY	DESCRIPTION
AGRICULTURE	Limited agricultural equipment, fertilizer, and feed



ENERGY	Fuel, lubricants, propane
FOOD	Groceries (dry goods, meat, produce, bakery, deli) convenience store items, liquor, pharmacy, tobacco, and candy.
HOME AND BUILDING SUPPLIES	Home and building supplies mainly sourced from FCL such as hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products.

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

Internal

Sherwood Co-operative Association Limited maintains Compliance and Ethics policies to which all managers must adhere through the development of an annual Code of Conduct attestation. Sherwood Co-operative Association Limited 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. Sherwood Co-operative Association Limited's Human Resources team regularly reviews human resource related policies to ensure Sherwood Co-operative Association Limited remains in compliance with applicable workplace and labour legislation.

Sherwood Co-operative Association Limited 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's labour laws, Sherwood Co-operative Association Limited does not employ anyone under the age of 15 and follows all applicable young worker restrictions for employees under the age of 16. Youth workers are permitted to restrict their hours to accommodate educational priorities and in addition are further protected through the use of a collective bargaining agreement with the Retail Wholesale and Department Workers Union, Local 539 (RWDSU).

Sherwood Co-operative Association Limited is exploring the implementation of effective remediation mechanisms in an effort to address concerns or potential cases of forced and child labour in the supply chain. Sherwood Co-operative Association Limited's goal is to prioritize the reporting and remediation of forced and child labour incidents, protect victims and prevent future cases with the development of a remediation and prevention framework that will develop and implement a corrective action plan with the supplier and alert national authorities to report any identified suppliers whose employees are identified at risk through the supplier onboarding requirements & procedures.



3. Identification of Risks

Sherwood Co-operative Association Limited'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.

Sherwood Co-operative Association Limited's main supplier, FCL, accounts for 94.22% 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, Sherwood Co-operative Association Limited 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.

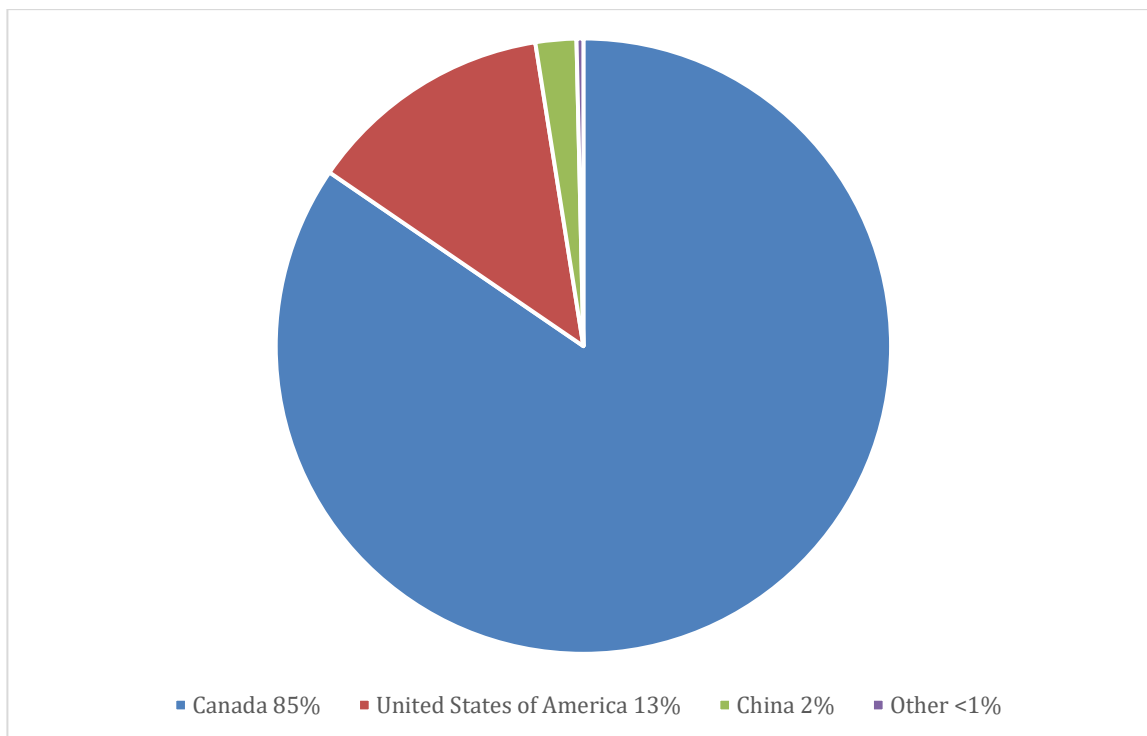


Figure 1. Total spend by country in fiscal year 2023 on goods procured for sale to local Co-ops.

The remaining 5.78% of goods purchased by Sherwood Co-operative Association Limited are procured from outside of FCL. Sherwood Co-operative Association Limited has 7 main categories of goods for resale, which include food, agriculture, energy, pharmaceuticals, liquor, fuel, tobacco, and home and building supplies. 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, the commodity of [tobacco](#) has been identified as a product with a medium to high risk associated with sourcing products from [high inherent risk countries](#) for forced and/or child labour. Sherwood Co-operative Association Limited is exploring opportunities to implement a supplier code of conduct to minimise this impending risk with the tobacco vendors as the vendor mapping indicated the tobacco companies, [Imperial Tobacco Ltd](#) and [Rothmans, Benson and Hedges](#), are a concern, and are amongst the remaining 5.78% of outside of FCL suppliers.

4. Remediation of Forced and Child Labour

Sherwood Co-operative Association Limited 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, Sherwood Co-operative Association Limited 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, Sherwood Co-operative Association



Limited will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

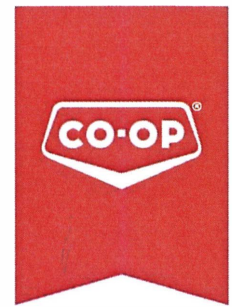
Sherwood Co-operative Association Limited has not identified any child or forced labour in operations or supply chains, and therefore no measures have been taken to remediate the loss of income to vulnerable families that results from any measures taken.

6. Employee Training

Annual training and attestation are currently required for all managers and new employees, to ensure compliance with Sherwood Co-operative Association Limited'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 Sherwood Co-operative Association Limited Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Sherwood Co-operative Association Limited 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, Sherwood Co-operative Association Limited is exploring opportunities to provide role specific training to educate team members and help them identify and respond to the risks of child and forced labour in supply chains. These opportunities will be evaluated through fiscal year 2024.

7. Efficacy of Actions

Sherwood Co-operative Association Limited 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 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.

Kent Kraft
Board President

Cynthia Lovering
Board Vice-President

Marcus Dyck
Board Secretary

John Stevenson
Board Member

Kerry Gray
Board Member

Andre Perras
Board Member

David Walker
Board Member

Tim Eckel
Board Member

Lenita Knudson
Board Member

May 27, 2024

Date Of Attestation

I have the authority to bind Sherwood Co-operative Association Limited. The Statement has been reviewed and approved by the Board on behalf of itself as per the members above.