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Southland

Years & Growing

Board of Directors Meeting

Bill S-211 Statement

May 27, 2024

**SOUTHLAND CO-OPERATIVE ASSOCIATION
NOTICE OF BOARD MEETING-Following AGM**

Monday May 27, 2024

MEETING – 8:00 PM

1. **CALL TO ORDER**
2. **Bill-S211 Report Motion**
3. **ADJOURNMENT**

Our Vision

Building Relationships while sustaining our communities

Responsibility

Integrity

Excellence



Forced Labour in Canadian Supply Chains

Southland Co-operative Ltd.

DATE: 2024-05-23



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Introduction

This report is Southland Co-operatives Ltd.'s (Southland) 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. In this statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Southland. The reporting entity covered by this statement is Southland, Business Number 100295617.

For the purposes of the Act, Southland meets the entity definition by having a business in Canada, doing business in Canada, and meeting two of three threshold criteria for revenue and assets. Southland 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.

Southland 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, Southland 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, Community and Excellence, Southland 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

Southland Co-operative Ltd. is a retail co-operative based in Assiniboia, Saskatchewan, Canada. Co-ops like Southland operate on a member-owned basis, where members have a say in the governance and direction of the cooperative. 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 annual budget, and selecting a General Manager. The General Manager is responsible for the day-to-day operations.

Organizational mandate

As part of the Co-operative Retailing System (CRS), Southland helps build, feed and fuel individuals in our local communities. Southland's vision is *to create welcoming and sustainable communities for our members, families and friends*. We employ approximately 152 individuals across 10 locations, of which some are members of the Retail, Wholesale and Department Store Union (RWDSU).



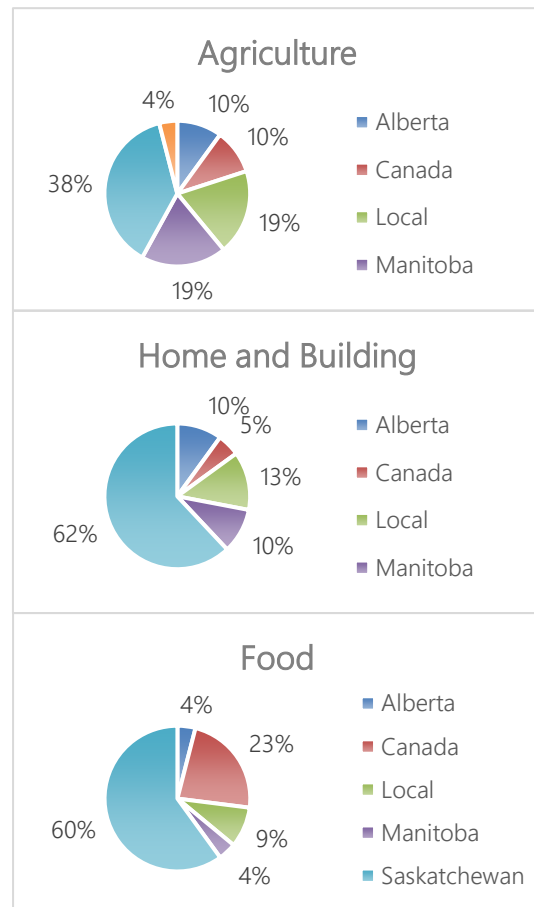
Based in Assiniboia, Saskatchewan, Southland is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own Federated Co-operatives Limited (FCL). Southland is in turn owned by 8,500+ members in Saskatchewan. As part of the CRS, Southland helps build, feed and fuel individuals and in our local communities.

Activities

Southland is a business-to-consumer centric co-operative serving the communities in which we operate. Our core retail lines of business include food, pharmacy, fuel, liquor, agriculture, home and building, and convenience stores.

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Southland with 10 retail locations in 5 communities in southern Saskatchewan including food, home and building supplies, agricultural equipment, livestock feed, propane, lubricants, and petroleum. The 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 Southland from various vendors across Canada – including agriculture, home and building, food, and tobacco. Our Co-op operates in the following categories agriculture, energy, food, and home and building supplies. To the right are charts reflecting where outside vendors are located narrowed down by category, representing the source location for non-FCL goods.



Supply Chain

Southland’s management is committed to sourcing products through FCL where possible and does source some products (i.e., mostly beverages and seasonal produce) through non-



FCL entities for resale to meet customer needs.

Wholesale and Retail Trade: Products Sourced for Resale

Southland resells several categories of goods, including agriculture, energy, food, and general merchandising goods.

CATEGORY	DESCRIPTION
AGRICULTURE	Feed and agricultural equipment
ENERGY	Fuel, lubricants, propane
FOOD	Fresh meat, dry grocery products, produce, baked goods, convenience store items, liquor and pharmacy, candy
GENERAL MERCHANDISE	Wholesaler and private label products (hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products)

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

Internal

To mitigate the inherent risks Southland has implemented the following policies, procedures, and management oversight controls: Employee Code of Conduct, Health and Safety, Rest Periods, Employment, Business Ethics, Training and Development (i.e., administration, provision, and assistance), Personal Information Protection and Privacy, Environmental Standards, and New Employee Orientation policies, guidance, and procedures. The General Employment policy speaks to equitable employment and includes guidelines to achieve equitable employment (i.e., definitions of harassment, dignity, and human rights) and refers to conditions of hiring, promotion, training, and development.

Within these policies, there is a clear statement on working conditions and employee rights and conduct, employer obligations and conduct, recruitment, and selection processes, and provide overarching context for the employee lifecycle. Altogether, these policies provide a foundation that balances employee and employer rights with member and community interests to create a positive, healthy, effective, reasonable, profitable, and sustainable co-operative, with defined oversight roles and responsibilities of a governing Board. Within this context, the General Manager is entrusted by the Board to follow the Co-operative Policies, Collective Acts, Regulations, Bylaws, and laws specific to Southland.

Southland maintains an Employee Code of Conduct policy to which all employees must



adhere to through an attestation at time of hiring and annually thereafter. Southland 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. Southland's People and Culture team regularly reviews human resource related policies to ensure Southland remains in compliance with applicable workplace and labour legislation.

Southland 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, Southland does not employ anyone under the age of 14 and follows all applicable young worker restrictions for employees under the age of 14. Young persons ages 14 and 15 must take [Saskatchewan Young Worker Readiness Certificate Course](#). Young people, 14, or 15 years of age are not allowed to work alone and must be directly supervised by an adult who is in the workplace and must be aware of the employment standard restrictions for 14- and 15-year-olds, which include not working after 10:00 p.m. before a school day, not working before classes begin on a school day, and not working more than 16 hours in a school week. During school breaks such as Christmas holidays or summer vacation, these restrictions do not apply, and students can work the same hours as other employees. All other employment standards apply to young workers.

Southland 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. Southland'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 software solution to audit suppliers; or
- Develop a grievance mechanism that suppliers' employees can access anonymously in a format that is inclusive and accessible.

Suppliers

Southland sources 98% of their goods for resale from FCL, FCL has a long tradition of sourcing local products and supporting local businesses. Outlined below are the due diligence policies and processes FCL has embedded to reduce the risk of forced and child labour in supply chains.



In 2022, FCL launched the Care for the Environment brand attribute, which focuses on purchasing responsibly, promoting regeneration, reducing emissions, and eliminating waste. Sustainable and responsible product purchasing is one of the many guiding aspects that help FCL define what products to introduce to the CRS. FCL strives to collaborate with suppliers to understand their environmental and social performance and identify future supply chain opportunities across all business lines.

FCL has a Social Responsibility Agreement with food and home and building suppliers. These agreements ensure private label suppliers are supporting commitments to responsible sourcing, providing workers with fair wages and working hours, and a safe, clean, and healthy work environment and to confirm they meet the basic principles of human rights and do not use forced, prison, or child labour.

FCL launched a Sustainable Seafood Policy in 2010. At that time only 60 per cent of fish and seafood products were harvested from sustainable sources. After several years of focused effort, FCL is proud to be procuring more than 90 per cent of all fish and seafood from sustainable sources today. In 2023, FCL conducted a survey of seafood suppliers and, of those who responded, all indicated they had processes in place to meet employment standards regarding child and forced labour. Certifications required to be seafood supplier for FCL are Seafood Watch, Marine Stewardship Council Certified Wild Fishery Products, Aquaculture Stewardship Council Certified Aquaculture Products, Ocean Wise Ranked Seafood, and Best Aquaculture Practices (BAP 2-4 Start) Certified Aquaculture Products.

FCL has actively engaged in initiatives to combat forced and child labour and promote ethical practices such as sourcing 115 certified fair-trade products including a Co-operative Coffee line and fair-trade chocolate.

In 2023, FCL continued its involvement with the Retail Council of Canada (RCC) Responsible Sourcing Committee, collaborating with prominent Canadian companies in the retail sector. RCC's Responsible Sourcing Committee enables FCL to stay apprised of current issues and emerging trends related to responsible sourcing, and to gain insights and learn best practices from leaders in the field.

3. Identification of Risks

Southland's main supplier, FCL, accounts for 98% 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

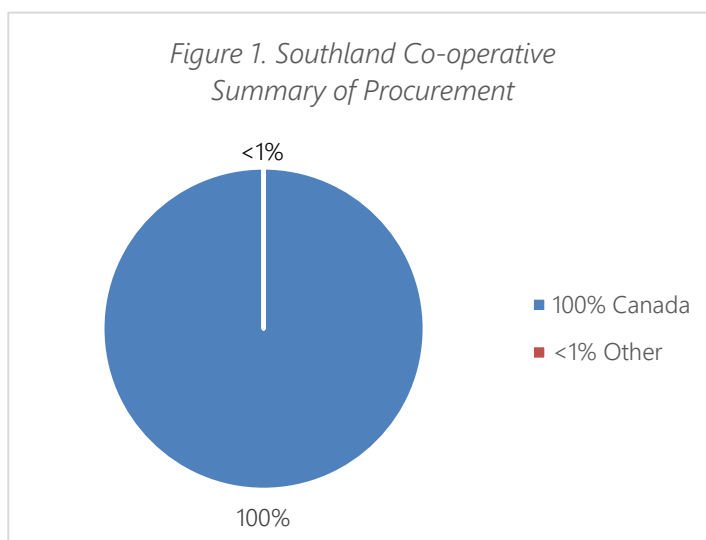


their supply chain, using two separate indices - *Walk Free's Global Slavery Index* and the *US Department of Labor's List of Goods Produced by Child Labor or Forced Labor*:

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, Southland will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 2% of goods purchased by Southland are procured from outside of FCL. Southland has two main categories of goods for resale, which include direct to store agriculture, home and building, food and tobacco. The General Manager oversees purchases made by the store Departments. These product lines are sourced from Canada. The adjacent figure represents the countries of origin for categories which risk assessment was conducted for.



4. Remediation of Forced and Child Labour

Southland 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,



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

5. Remediation of Loss of Income

Southland 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

At the start of employment, or as required for training with an expiry and retraining requirement (such as WHMIS, First Aid, propane safety, and dangerous goods), all employees are required complete an attestation at the completion of training to ensure compliance with Southland's 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 Board of Directors, the Senior Leadership Team, and all current and new employees; all individuals are required to review and attest to the Code of Conduct at the start of employment.

7. Efficacy of Actions

Southland has conducted a review of current policies and procedures as they pertain to child and forced labour. 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 a possible future 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.

Full Name: **Norman Richard**

Title: **General Manager**

Date: **May 27, 2024**

Signature: 

I have the authority to bind Southland Co-operatives Ltd. The Statement has been reviewed and approved by the Board on behalf of itself.

Motions: May 27, 2024 Bill S-211 Special Board Meeting

1. Motion to approve Southland Co-op's Bill S-211 Forced Labour in Supply Chains Statement as presented to the Board of Directors.

Motion Made by: *Patricia Piche* *May 27/24*
Motion Seconded by: *Mark Furler* *May 27/24*
Carried Yes or No

Motion No.: SL-24-501