



# Forced Labour in Canadian Supply Chains

**The Delta Co-operative Association Limited**

May 31<sup>st</sup>, 2024



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## **Introduction**

This report is The Delta Co-operative Association Limited 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 October 28<sup>th</sup>, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to The Delta Co-operative Association Limited. The reporting entity covered by this statement is The Delta Co-operative Limited, business number 101333185.

For the purposes of the Act, The Delta 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. The Delta 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.

The Delta 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, The Delta 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 core values of customer centric, teamwork, and integrity, The Delta Co-operative Association Limited 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 Unity Saskatchewan, The Delta 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. The Delta Co-operative Association Limited is in turn owned by 7185 members in western Canada. As part of the CRS, The Delta Co-operative Association Limited helps build, feed and fuel individuals and in our local communities. We employ 185 people.

### **Activities**

The Delta Co-operative Association Limited business is largely business-to-consumer focused on serving the communities in which we operate. Our core retail lines of business include food, liquor, pharmacy, agriculture, home and building, fuel, convenience stores, and quick serve



restaurant. We operate locations in the communities of Unity, Wilkie, Luseland, Macklin and Senlac Saskatchewan.

## Supply Chain

### Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to The Delta Co-operative Association Limited with 13 retail locations in 5 communities in Saskatchewan including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. The Delta Co-operative Association Limited sources 92 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 8 percent of products are sourced by The Delta Co-operative Association Limited from within North America.

### Supply Chain

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

### Wholesale and Retail Trade: Products Sourced for Resale

Table 1 – The Delta Co-operative Association Limited

<b>CATEGORY</b>	<b>DESCRIPTION</b>
<b>AGRICULTURE</b>	Agricultural equipment, crop protection products, seed fertilizer and feed
<b>ENERGY</b>	Fuel, lubricants, propane
<b>FOOD</b>	Food, convenience store items, liquor and pharmacy, candy
<b>HOME AND BUILDING SUPPLIES</b>	Hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products
<b>PHARMACY</b>	Prescription and over the counter medications
<b>QUICK SERVE RESTAURANT</b>	Fast food items
<b>LIQUOR</b>	Beer, wine, and spirits



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

### **Internal**

The Delta Co-operative Association Limited maintains Code of conduct and Ethics policies to which all employees must adhere to. The Delta 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. Procedures are put in place to protect the anonymity of whistle-blowers from retaliation. The Delta Co-operative Association Limited People and Culture team regularly reviews human resource related policies to ensure The Delta Co-operative Association Limited remains in compliance with applicable workplace and labour legislation.

The Delta 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, The Delta Co-operative Association Limited requires anyone under the age of 16 to provide parent consent and obtain worker's readiness certification and follows all applicable young worker restrictions for employees under the age of 16. Anyone under the age of 16 is not permitted to work more than 16 hours a week when school is in session. They are not permitted to work after 10pm on a school night or before the start of a school day. The Delta Co-operative Association Limited does not employ anyone under the age of 14.

The Delta Co-operative Association Limited 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. The Delta 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. 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.

## **3. Identification of Risks**

The Delta Co-operative Association Limited's main supplier, FCL, accounts for 92% 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, The Delta Co-operative Association Limited will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 8% of goods purchased by The Delta Co-operative Association Limited are procured from outside of FCL. The Delta Co-operative Association Limited has 7 main categories of goods for resale, which include, food, liquor, agriculture, energy, pharmaceuticals, home and building supplies and quick serve restaurant. These product lines are sourced from 2 different countries, including Canada and the United States. The distribution below represents the countries of origin.

- 1) Canada – greater than 99%
- 2) United States – less than 1%

The Delta Co-operative Association Limited supply chain mapping activities were limited to our most material vendors. Materiality was determined by selecting our top 90% of suppliers by total spend in 2023.



#### **4. Remediation of Forced and Child Labour**

The Delta 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, The Delta 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, The Delta Co-operative Association Limited will work with suppliers to determine and implement remedial action.

#### **5. Remediation of Loss of Income**

The Delta 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 will be required for all employees to ensure compliance with The Delta Co-operative Association Limited 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 The Delta Co-operative Association Limited Board of Directors, the Senior Leadership Team and all current and new employees and contractors. The Delta 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, The Delta Co-operative Association Limited 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**

The Delta 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 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 - Ryan Schedlosky

Title – General Manager

Date – May 31<sup>st</sup>, 2024

Signature

A handwritten signature in blue ink, appearing to read "Ryan Schedlosky".

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