Humboldt Co-operative

Forced Labour in Canadian Supply Chains

Humboldt Co-operative

May 30, 2024

INTEGRITY • EXCELLENCE • RESPONSIBILITY

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Introduction

This report is Humboldt Co-operative'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 December 30, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to the Humboldt Co-operative. The reporting entity covered by this statement is Humboldt Co-operative, business number 10242 4652.

For the purposes of the Act, Humboldt Co-operative meets the entity definition by having a business in Canada, doing business in Canada and meeting the threshold criteria for revenue and assets. Humboldt Co-operative 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.

Humboldt Co-operative 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, Humboldt Co-operative 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 Excellence, Teamwork and Integrity, Humboldt Co-operative 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 Humboldt Saskatchewan and incorporated in Saskatchewan, Humboldt Co-operative 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). Humboldt Co-operative is in turn owned by its members. As part of the CRS, Humboldt Co-operative helps build, feed and fuel individuals in our local communities. We employ approximately 105 people.

Activities

Humboldt Co-op's business is largely business-to-consumer focused on serving the communities in which we operate. Our core retail lines of business include food, liquor,

agriculture, convenience store and fuel.

Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Humboldt Co-operative with four retail locations in two communities in Saskatchewan including food, crop inputs, agricultural equipment, propane, lubricants, and petroleum. Humboldt Co-operative sources between 92 - 94 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 6-8 percent of products are sourced by Humboldt Co-operative from a variety of wholesalers, some are local within the Humboldt SK, trading area, and the others are predominantly Canadian based.

Supply Chain

Humboldt Co-operative'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

CATEGORY	DESCRIPTION
AGRICULTURE	Agricultural equipment, crop protection products, fertilizer, seed and feed
ENERGY	Fuel, lubricants, propane
FOOD	Grocery and convenience store items

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

Internal

Humboldt Co-operative contracts an external provider 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. Humboldt Co-operative's Human Resource staff regularly reviews policies to ensure Humboldt Co-operative remains in compliance with applicable workplace and labour legislation. Humboldt Co-operative is considering the creation of a Compliance and Ethics policy to which all employees must adhere to through an annual Code of Conduct attestation.

Humboldt Co-operative 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, Humboldt Co-operative does not employ anyone under the age of 14 and follows all applicable young worker restrictions for employees under the age of 16. Any and all 14-15 year olds employed by Humboldt Co-operative are required to complete the Young Worker Readiness Certificate Course and provide the Certificate to their manager on their first day of work. 14-15 year olds employed by Humboldt Co-operative are limited to a maximum of 16 hours per week when school is in session, they can not work after 10pm, and they are restricted from handling hazardous materials such as petroleum and propane.

3. Identification of Risks

Humboldt Co-operative's main supplier, FCL, accounts for approximately 94% 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, Humboldt Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL. At the time of this reporting (2024) Humboldt Co-

op does not operate in the home building centre business line.

Vendor risk can be assessed using the following 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 remaining 6% of goods purchased by Humboldt Co-op are procured from outside of FCL. Humboldt Co-op has 5 main categories of goods for resale, which include, food, agriculture, energy, liquor and fuel. The vast majority of the goods purchased from vendors other than FCL are agricultural goods. Seven of the most material vendors make up a total of 65% of Humboldt Co-op's purchases from suppliers other than FCL. All seven of these vendors businesses and production locations are based in Saskatchewan. Saskatchewan is not a region of high risk for forced and child labour.

4. Remediation of Forced and Child Labour

Humboldt Co-operative 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, Humboldt 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 child labour are identified, Humboldt Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Humboldt Co-operative 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

Humboldt Co-operative is considering the implementation of an annual training and attestation with a Code of Conduct that will identify ethical standards, policies, laws and regulations. The Code of Conduct would be applicable to everyone that conducts business on behalf of the organization, which includes the Humboldt Co-operative Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Humboldt Co-operative 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.

7. Efficacy of Actions

Humboldt Co-operative 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.

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.

Brent Dean, CPA
Controller
July 10, 2024



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