

# Saskatoon Co-operative Association Ltd.



# Forced Labour in Canadian Supply Chains

Saskatoon Co-operative Association Ltd.

May 23, 2024



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## **1. Introduction**

This report is Saskatoon Co-operative Association Ltd.'s (Saskatoon Co-op) 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 Feb 3rd, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Saskatoon Co-operative Association Ltd. The reporting entity covered by this statement is Saskatoon Co-operative Association Ltd., business number 104725775.

For the purposes of the Act, The Saskatoon Co-op 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. Saskatoon Co-op 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.

Saskatoon Co-op 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, Saskatoon Co-op 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 Community, Integrity and Excellence, Saskatoon Co-op is committed to making ethical business decisions and taking proactive measures to address issues such as forced and child labour.

## **2. Structure, Activities, and Supply Chain**

### **Structure**

Based in Saskatoon and surrounding areas (Colonsay, Dalmeny, Hepburn, Rosthern, Martensville, Vonda, Waldheim, Warman Watrous), Saskatoon Co-op is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own Federated Cooperatives Limited (FCL). Saskatoon Co-op is in turn owned by 121,000 members in Saskatchewan. As part of the CRS, Saskatoon Co-op is a corporation that helps build, feed, and fuel individuals in our local communities. We employ 1,374 team members in our organization.

### **Activities**



Saskatoon Co-op's business is largely business-to-consumer focused on serving the communities in which we operate in Saskatoon and surrounding areas in Saskatchewan. Our core retail lines of business include food, liquor, pharmacy, agriculture, home and building, fuel, convenience stores, and limited items of clothing with the majority of products we sell imported from the FCL supply chain with other complimentary suppliers in Canada and outside of Canada.

## Supply Chain

### Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Saskatoon Co-op with 40 retail locations in 10 communities in Saskatchewan including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Saskatoon Co-operative Association sources 98% 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% of products are sourced by Saskatoon Co-op from Canada and the U.S. and are directly delivered to the retail sites.

### Supply Chain

Saskatoon Co-op does not have a supply chain warehouse location. Saskatoon Co-op'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

<b>CATEGORY</b>	<b>DESCRIPTION</b>
<b>AGRICULTURE</b>	Agricultural equipment, crop protection products, fertilizer, feed, vet supplies, and seed
<b>ENERGY</b>	Fuel, lubricants, propane
<b>FOOD</b>	Dry & frozen grocery products, produce, baked goods, meat, dairy, convenience store items, liquor, pharmacy, candy, drinks
<b>HOME AND BUILDING SUPPLIES</b>	hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products
<b>CLOTHING</b>	Clothing of various types (limited items)



### 3. Policies and Processes in Relation to Forced and Child Labour

#### Internal

*Currently, Saskatoon Co-op does not have any specific policies or processes in place concerning forced and child labour and we recognize opportunities laid out for the upcoming reports to implement and execute for compliance in the fiscal year of 2024.*

*Saskatoon Co-op maintains Compliance and Ethics policies to which all employees must adhere to a Code of Conduct attestation upon hire and when policy updates occur. Saskatoon Co-op 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. Saskatoon Co-op's Human Resources team regularly reviews human resource-related policies to ensure Saskatoon Co-op remains in compliance with applicable workplace and labour legislation.*

*Saskatoon Co-op ensures that there is a reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per Saskatchewan's labour laws, Saskatoon Co-op does not employ anyone under the age of 15, and follows all applicable young worker restrictions for employees under the age of 18. To be employed with Saskatoon Co-op as a youth under the age of 16, the candidate must hold a Young Worker's Certification. All youth can only work 16 hours per week during school months and they cannot work after 10pm on an evening before a school day, or before 8am on a school day.*

*Saskatoon Co-op is exploring the implementation of effective grievance and remediation mechanisms to address concerns or potential cases of forced and child labour in the supply chain. Saskatoon Co-op'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 or audit program to audit suppliers; or*
- Develop a grievance mechanism that suppliers' employees can access anonymously in a format that is inclusive and accessible.*



#### 4. Identification of Risks

Saskatoon Co-op'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, Saskatoon Co-op will be relying on this ongoing assessment to continue assessing goods procured from FCL.

The remaining 2% of goods purchased by Saskatoon Co-op are procured from outside of FCL. Saskatoon Co-op has 5 main categories of goods for resale which include, food, liquor, agriculture, consumer fuels, and home and building supplies. These product lines are sourced from 2 different countries, Canada and the US. The figure below represents the countries of origin for the 5 main categories. 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* was referenced to identify any heightened risk and none were found at this time. Saskatoon Co-op is exploring opportunities to implement a supplier code of conduct and submitting a questionnaire to all vendors to minimize any impending risk.

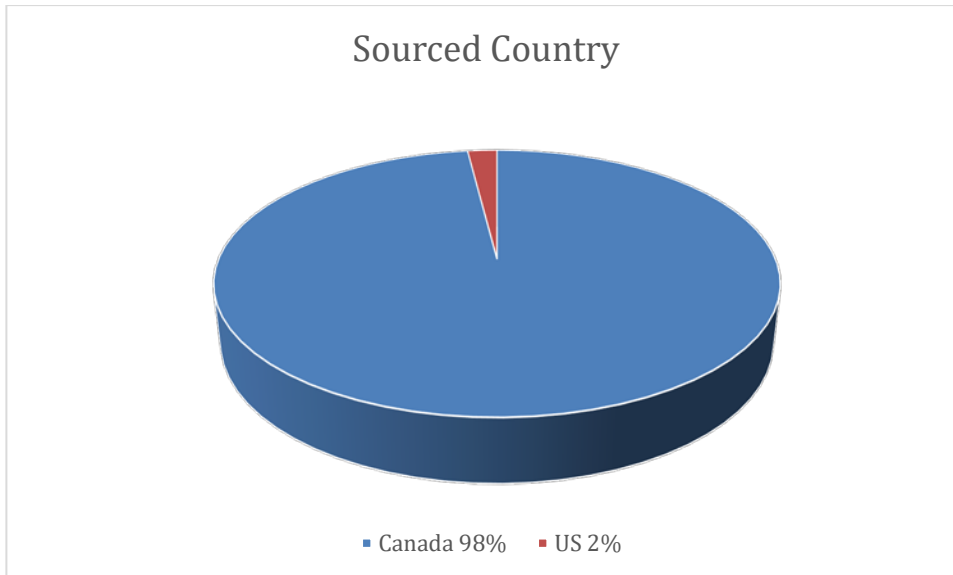


Figure 1. Vendor Source by Country

## 5. Remediation of Forced and Child Labour

Saskatoon Co-op has not taken action to remediate potential risks of forced and child labour through the deployment of the policies and procedures at this time. In the future, Saskatoon 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, Saskatoon Co-op will work with suppliers to determine and implement remedial action.

## 6. Remediation of Loss of Income

Saskatoon Co-op 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.

## 7. Employee Training

Training and attestation are currently required for all employees upon hire to ensure compliance with Saskatoon Co-op's Code of Conduct on company ethical standards, policies, laws and regulations. The Code of Conduct is applicable to everyone who conducts business on behalf of the organization which includes the Saskatoon Co-op's Board of Directors, the Senior



Leadership Team and all current and new employees and contractors. Saskatoon Co-op 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, Saskatoon Co-op 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.

## 8. Efficacy of Actions

Saskatoon Co-op has conducted a review to determine current policies and procedures pertaining to child and forced labour and is currently evaluating further measures to assess the efficacy of actions. Success in the future will be evaluated by tracking relevant performance indicators, such as levels of employee awareness, number of vendors signing a created 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.

## 9. Approval and Attestation of the Report

In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the report as presented by management for the entity or entities listed above as referenced in the document Forced Labour in Canadian Supply Chains, dated May 23, 2024. Based on our knowledge, and having exercised reasonable diligence, we 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.

Gerald Hiebert, Chief Executive Officer  
Saskatoon Cooperative Association  
May 23, 2024

A handwritten signature in black ink, appearing to read "Gerald Hiebert".

Graham Addley, President  
Board of Directors  
Saskatoon Cooperative  
Association  
May 23, 2024

A handwritten signature in black ink, appearing to read "Graham Addley".

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