Forced Labour in Canadian Supply Chains

Valleyview Consumers Co-op Ltd.

DATE: 2024-05-17

INTEGRITY • EXCELLENCE • RESPONSIBILITY

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Introduction

This report is Valleyview Consumers Co-op Ltd.'s (Valleyview) 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 Valleyview. The reporting entity covered by this statement is Valleyview, Business Number 10010752.

For the purposes of the Act, Valleyview 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. Valleyview 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.

Valleyview 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, Valleyview 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, Valleyview 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

Valleyview Consumers Co-operative Ltd. is a retail co-operative based in Virden, Manitoba, Canada. Co-ops like Valleyview 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 or role

As part of the Co-operative Retailing System (CRS), Valleyview helps build, feed and fuel individuals in our local communities. Valleyview's vision is *to create welcoming and sustainable communities for our members, families and friends*. We employ approximately 220 individuals, of which approximately 120 are members if of the United Food and Commercial Union. Valleyview Co-op is a member of Sunrise and Fusion Credits Unions.

Based in Virden Manitoba, Valleyview 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). Valleyview is in turn owned by 11,667 members in Manitoba and Saskatchewan. As part of the CRS, Valleyview helps build, feed and fuel individuals and in our local communities.

Activities

Valleyview is a business-to-consumer centric co-operative serving the communities of Virden, Oak Lake, Oak River, Kenton, Melita, Reston, and Pierson in southwestern Manitoba. Our core retail lines of business include food, liquor, agriculture, general merchandise, fuel, and convenience stores.

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Valleyview with 11 retail locations in 7 communities in Manitoba including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Valleyview sources 93 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 7 percent of products are sourced by Valleyview from Pepsi-Cola, Coca Cola and local producers.

Supply Chain

Valleyview'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

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

CATEGORY	DESCRIPTION
AGRICULTURE	Crop protection products, fertilizer and feed
ENERGY	Fuel, lubricants, propane
FOOD	Fresh meat, 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

Valleyview maintains an Employee Code of Conduct policy to which all employees must adhere to through an attestation at time of hiring. Valleyview 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. Valleyview's People and Culture team regularly reviews human resource related policies to ensure Valleyview remains in compliance with applicable workplace and labour legislation.

Valleyview ensures that there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per Manitoba's labour laws, Valleyview 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 Manitoba Young Workers Readiness 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. Young people under 18 years of age cannot work alone between 11:00 p.m. and 6:00 a.m.

Valleyview 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. Valleyview'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

Valleyview sources 93% 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

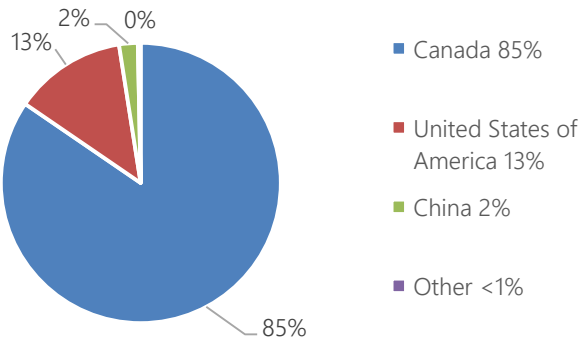
Valleyview's main supplier, FCL, accounts for 93% of total procured goods. In assessing the risk of forced labour or child labour at the direct supplier level for this relationship, FCL has concluded on the following assessment of the use of child labour and/or forced labour within their supply chain, 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, Valleyview will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 7% of goods purchased by Valleyview are procured from outside of FCL. Valleyview has two main categories of goods for resale, which include direct to store beverages and local seasonal produce suppliers. Coca Cola and Pepsi are FCL-approved vendors and account for a majority of the non-FCL purchases. The General Manager oversees purchases made by the store Departments.

Figure 1. Valleyview Co-operative Summary of Procurement



These product lines are sourced from Canada. The adjacent figure represents the countries of origin for categories which risk assessment was conducted for.

The remaining key suppliers of Valleyview do not import goods from high-risk countries.

To mitigate the inherent risks Valleyview has implemented the following policies, procedures, and management oversight controls: Employee Code of Conduct, Recruitment & Selection, Labour Relations – General, and Governance policies. 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 Valleyview.

4. Remediation of Forced and Child Labour

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

5. Remediation of Loss of Income

Valleyview 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 Valleyview'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 and contractors; although individuals are required to review and attest to the Code of Conduct at the start of employment, there is currently no annual re-attestation; Valleyview is considering implementing an annual re-attestation of the Code of Conduct within the next

year. Valleyview 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, Valleyview 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

Valleyview 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: Greg Gill

Title: General Manager

Date: May 24, 2024

Signature: 

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