

Winkler Consumers Cooperative Ltd.



# Forced Labour in Canadian Supply Chains

Winkler Consumers Cooperative Ltd.

DATE: April 11 2024



## Contents

Introduction.....	3
1. Structure, Activities, and Supply Chain .....	3
2. Policies and Processes in Relation to Forced and Child Labour .....	4
3. Identification of Risks.....	5
4. Remediation of Forced and Child Labour.....	6
5. Remediation of Loss of Income .....	7
6. Employee Training.....	7
7. Efficacy of Actions .....	7
8. Approval and Attestation of the Report .....	7





## **Introduction**

This report is Winkler Coop'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 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Winkler Consumer Cooperative Ltd. The reporting entity covered by this statement is Winkler Consumers Cooperative Ltd., business number 105711675.

For the purposes of the Act, Winkler 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. Winkler Coop 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.

Guided by core values of Community, Integrity, Excellence and Sustainability, Winkler Coop 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**

Based in Winkler Manitoba, Winkler 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 FCL. Winkler Co-op is in turn owned by 20,806 members. As part of the CRS, Winkler Co-op helps build, feed and fuel individuals and in our local communities. We employ 300 individuals.

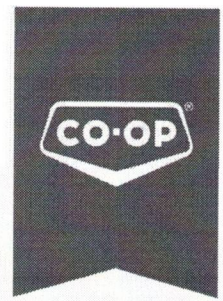
### **Activities**

Winkler Co-op business is largely business-to-consumer focused on serving the communities in which we operate in Manitoba, Canada. Our core retail lines of business include food, liquor, agriculture, home furnishings, electronics, appliances, fuel, convenience stores, and clothing.

### **Supply Chain**

#### Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Winkler Co-op with 21 retail locations in 8 communities in Manitoba including food, crop inputs, agricultural equipment, livestock, feed, propane, lubricants, and petroleum. Winkler Co-op sources 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 percent of products are sourced by Winkler Co-op from Multiple Local Suppliers, Mega Group, Ashley Furniture, Seanix, all of which are purchased from suppliers in Canada and the United States.

Winkler Co-op's supply chain is primarily comprised of products that are manufactured by FCL legally owned entities and products sourced for resale.

CATEGORY	DESCRIPTION
<b>AGRICULTURE</b>	Agricultural equipment, crop protection products, fertilizer and other crop inputs
<b>ENERGY</b>	Fuel, lubricants, propane
<b>FOOD</b>	convenience store items, liquor, candy, produce, bakery products, meat confectionary items.
<b>HOME FURNISHINGS ETC.</b>	Electronics, furniture, appliances, computers
<b>CLOTHING</b>	Mens and ladies wear

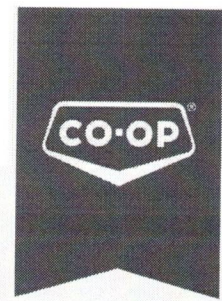
## 2. Policies and Processes in Relation to Forced and Child Labour

### Internal

Winkler Co-op maintains Compliance and Ethics policies to which all employees must adhere to through Code of Conduct training. Winkler 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. Winkler Co-op's Human Resources team regularly reviews human resource related policies to ensure Winkler Co-op remains in compliance with applicable workplace and labour legislation.

Winkler Co-op 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, Winkler Co-op does not employ anyone under the age of 14, and follows all applicable young worker





restrictions for employees under the age of 16. Youth employed are not permitted to work during school hours, or how in a way that negatively effects their education. Educator and parental consent is obtained prior to employees under the age of 16 are permitted to work. Tasks required of employees under the age of 16 are monitored and kept within those permitted within the Manitoba legislation.

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

### Suppliers

Our Close relationship with FCL as a preferred supplier and our understanding of their sustainability, social responsibility and environmental practices is an important part of our relationship with FCL. As FCL supplies Winkler Co-op with 94% of our procurement, we are confident in these purchases through their programs and qualifications.

### **3. Identification of Risks**

Winkler Co-op's main supplier, FCL, accounts for 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, Winkler Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 6% of goods purchased by Winkler Co-op are procured from outside of FCL. Winkler Co-op has 7 main categories of goods for resale, which include, food, agriculture, home furnishings, pharmaceuticals, liquor, fuel, and clothing. These product lines are sourced from 2 different countries, including Canada and the United States of America.

Winkler Co-op's supply chain mapping activities identifies FCL as our most material vendor. Materiality was determined that FCL is the supplier of 94% our total spend in 2023.

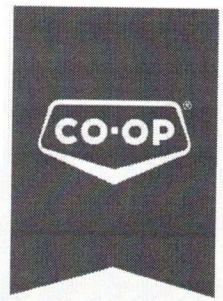
The remaining 6% of goods purchased by Winkler Co-op are procured from outside of FCL. Winkler Co-op has 7 main categories of goods for resale, which include, food, agriculture, home furnishings, pharmaceuticals, liquor, fuel, and clothing. Using two separate indices, Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor, Winkler Co-op has conducted an initial risk assessment of Fuel and Food categories. and has not identified any inherent risks of forced and/or child labour that isn't being proactively managed through FCL. To mitigate the inherent risks with these food types, Winkler Co-op will implement the following policies and procedures:

- North America purchase policy.
- Procedures for purchase outside of North America

## 4. Remediation of Forced and Child Labour

Winkler Co-op 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, Winkler 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, Winkler Co-op will work with suppliers to determine and implement remedial action.

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

Winkler 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.

## **6. Employee Training**

Training and attestation are currently required for all employees to ensure compliance with Winkler Co-op's 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 Winkler Co-op's Board of Directors, the Senior Leadership Team and all current and new employees. Winkler 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, Winkler 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.

## **7. Efficacy of Actions**

Winkler Co-op 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: Milt Olfert

Title: President

Date: April 12/24

Signature 

I have the authority to bind Winkler Co-op.

The Statement has been reviewed and approved by the Board on behalf of itself.