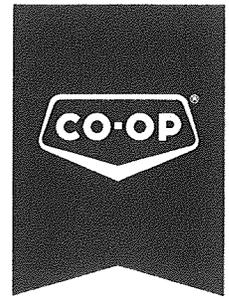


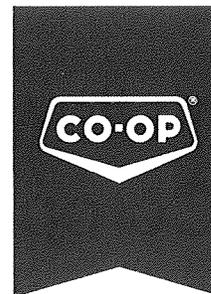
Yellowknife Direct Charge
Co-operative Limited



Forced Labour in Canadian Supply Chains

Yellowknife Direct Charge Co-operative Limited

April 19, 2024



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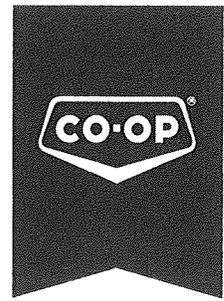
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Introduction

This report is Yellowknife Direct Charge Co-operatives Limited (Yellowknife 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 October 28, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Yellowknife Co-op. The reporting entity covered by this statement is Yellowknife Co-op, business number 105763254.

For the purposes of the Act, Yellowknife Co-op meets the entity definition as it is a Canadian business, doing business in Canada and meeting two (2) of the three (3) criteria stated in the Act related to revenue, assets, and employees. Yellowknife Co-op is obligated to submit a report to the Minister of Public Safety and provide a public report in response to the Act by May 31, 2024.

Guided by our core values of Service, Quality, Selection, Ready for business, Competitive Pricing, Membership and ownership, Community Leadership, and Cleanliness, Yellowknife Co-op is committed to making ethical business decisions and taking proactive measures to address issues such as forced and child labour.

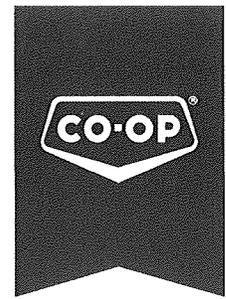
1. Structure, Activities, and Supply Chain

Structure

Based in Yellowknife, Northwest Territories, Yellowknife Co-op is one of the 33 member-owner co-operatives of Arctic Co-operatives Limited. Yellowknife Co-op is a locally owned co-operative serving its members, the residents of the City of Yellowknife and the surrounding communities. We employ about 179 individuals. Yellowknife Co-op's mission is to enhance the "Co-op Experience" while providing the best possible "Value" to our member-owners.

Activities

Yellowknife Co-op is a consumer co-op, focusing on serving and providing individual member-owners in Yellowknife with a full range of groceries, household supplies, gasoline, and other services. Yellowknife Co-op operates in several ways including as a buying club where products and services are obtained by Yellowknife Co-op only when the members place an order; as a retail store where the members come in-person to shop and as a fuel provider.



Supply Chain

Supply Chain

Yellowknife Co-op's supply chain is comprised of products that are:

1. from FCL whether manufactured by FCL legally-owned entities and products sourced by FCL through its supply chain,
2. from Arctic Co-operatives' suppliers primarily located in Canada; and
3. from local suppliers all located in Canada.

Wholesale and Retail Trade: Products Sourced for Resale and Use

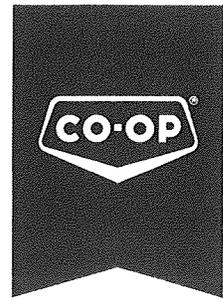
| CATEGORY | DESCRIPTION | LOCATION |
|---------------------|---|----------|
| FOOD | Grocery and convenience store items, candy, beverages, snacks, meat products, perishables, tobacco | Canada |
| PHARMACY | Medications and health and beauty goods | Canada |
| ENERGY | Fuel and propane | Canada |
| GENERAL MERCHANDISE | Furniture, apparel, footwear, appliances, sporting and outdoor goods, toys, seasonal, electronics, small appliances, housewares | Canada |

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

Internal

Yellowknife Co-op, through its association with Arctic Co-operatives Limited, maintains Ethics policies to which all employees must adhere to throughout employment with Yellowknife Co-op. Yellowknife Co-op's Human Resources team, together with the Human Resources team at Arctic Co-operatives Limited, regularly reviews its human resource-related policies to ensure Yellowknife Co-op remains in compliance with applicable workplace and labour legislation. Yellowknife Co-op has implemented training about the Act to enable its staff and volunteers to better understand the Act, its purpose and its requirements, more details can be found in Section 6.

Yellowknife Co-op ensures that there is reduced risk of forced labour or child labour in its operations through strict adherence to provincial and federal labour laws. As per The *Employment Standards Act* (Northwest Territories), Yellowknife Co-op Limited does not employ anyone under the age of 13 and follows all applicable young worker restrictions for employees 16 years of age and younger.



Suppliers

Yellowknife Co-op suppliers offer a high standard of service and quality. Yellowknife Co-op has sent out a formal notification letter related to the new legislation on Forced and Child Labour compliance with its suppliers to reduce the risk of forced labour and child labour in its supply chains.

3. Identification of Risks

Yellowknife Co-op'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* that:

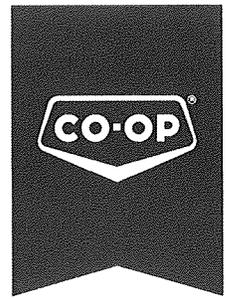
1. Goods procured within the food categories of 1) protein foods (specifically seafood); 2) beverages (specifically coffee); and 3) other (specifically chocolate):
 - a. An inherent risk of child and forced labour has been identified within the above categories. FCL has a sustainable seafood policy and, 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 labour and child labour within its supply chain therefore, Yellowknife Co-op will be relying on this on-going assessment to continue evaluating goods procured from FCL.

Yellowknife Co-op's main categories of goods for distribution/resale include food, pharmacy, energy, and general merchandise. The remaining 7% of goods purchased by Yellowknife Co-op for distribution/resale are procured from Canada.

4. Remediation of Forced Labour and Child Labour

Yellowknife Co-op has taken action to remediate potential risks of forced and child labour



through the deployment of the policies and procedures outlined in Section 2 of this report. If specific incidents of forced labour and/or child labour are identified, Yellowknife Co-op will work with suppliers to determine and implement remedial action on a priority basis.

5. Remediation of Loss of Income

Yellowknife Co-op has not identified any child or forced labour in its 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

Yellowknife Co-op has created training modules to educate team members and help them identify and respond to risks of forced labour and child labour in supply chains. We have challenged staff with a call to action to do their part to reduce forced labour and child labour in supply chains.

7. Efficacy of Actions

Yellowknife Co-op has conducted a review of current policies and procedures as they pertain to forced labour and child 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.

A handwritten signature in black ink, appearing to read "Justin Nelson", is written over a horizontal line.

Justin Nelson
General Manager
Yellowknife Direct Charge Co-operative Limited

I have the authority to bind Yellowknife Co-op. This Report has been reviewed and approved by the Board of Directors of Yellowknife Co-op.