

Leduc Co-op Ltd.



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Forced Labour in Canadian Supply Chains

Leduc Co-op Ltd.

DATE: May 29, 2024



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Introduction

This report is Leduc Co-op Ltd. 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 31, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Leduc Co-op Ltd. The reporting entity covered by this statement is Leduc Co-op Ltd., business number 103027454.

For the purposes of the Act, Leduc Co-op Ltd. 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. Leduc Co-op Ltd. 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.

Leduc Co-op Ltd. 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, Leduc Co-op Ltd. 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, Leduc Co-op Ltd. 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 Leduc, Alberta, Leduc Co-op Ltd. is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. Leduc Co-op Ltd. is in turn owned by 36,897 members in Alberta. As part of the CRS, Leduc Co-op Ltd. helps build, feed and fuel individuals and in our local communities. We employ over 250 employees.

Activities

- Sale or distribution of goods, both in Canada and very seldom outside Canada, including the kinds and volumes of goods sold or distributed.



- Importation of goods into Canada, including the kinds and volumes of goods imported and the locations from which the goods are imported
- Locations of operation (Western Canada) currently serving and operating in Leduc, County of Leduc, Beaumont, Drayton Valley, County of Brazeau, Calmar and other surrounding areas in the above-mentioned locations.

Leduc Co-op Ltd. business is largely business-to-customer, commercial fuel users and farmers focused on serving the communities in which we operate. Our core retail lines of business include bakery, food, liquor, pharmacy, agriculture, home and building products, fuel and petroleum products, convenience stores, and car wash. We also provide and rent commercial rental space to other businesses.

Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Leduc Co-op Ltd. with 13 retail locations in 5 communities in the province of Alberta including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Leduc Co-op Ltd. sources at least 90 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 8 percent of products are sourced by Leduc Co-op Ltd. from Local supplier within our community and surrounding communities.

Supply Chain

Leduc Co-op Ltd. 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,



**ENERGY
FOOD**

fertilizer and feed
Fuel, oil & lubricants, propane
Convenience store items, liquor and pharmacy,
grocery items, frozen food, deli products, produce,
meat and poultry,
Hardware, lumber, building materials, tools, paint,
seasonal, plumbing, and electrical products and some
limited seasonal items.
Carwash soap, rinse aid, car wax.

**HOME AND BUILDING
SUPPLIES**

CAR WASH SUPPLIES

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

Internal

Leduc Co-op Ltd. maintains Compliance and Ethics policies to which all employees must adhere to through an annual Code of Conduct attestation. Leduc Co-op Ltd. 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. Leduc Co-op Ltd. People and Culture team regularly reviews human resource related policies to ensure Leduc Co-op Ltd. remains in compliance with applicable workplace and labour legislation.

Leduc Co-op Ltd. ensures that there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per Province of Alberta labour laws, Leduc Co-op Ltd. does not employ anyone under the age of 13, and follows all applicable young worker restrictions for employees under the age of 13. Any individual youth employed by Leduc Co-op Ltd. are not permitted to work during school hours, and their work time is limited. The tasks the youth perform are low risk.

Leduc Co-op Ltd. 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. Leduc Co-op Ltd. goal is to prioritize the reporting and remediation of forced and child labour incidents, protect victims and prevent future cases. Potential mechanisms may include the following:



- *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.*

3. Identification of Risks

Leduc Co-op Ltd. main supplier, FCL, accounts for over 90% 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, Leduc Co-op Ltd. will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 8% of goods purchased by Leduc Co-op Ltd. are procured from outside of FCL. Leduc Co-op Ltd. has 8 main categories of goods for resale, which include, food, agriculture, energy, pharmaceuticals, liquor, fuel, car wash supplies, and home and building supplies. These product lines are sourced from local suppliers within our community and



surrounding communities. For information only the figure below represents the countries of origin for categories which risk assessment was conducted. 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, high risk country has been identified as a [high inherent risk country](#) for forced and/or child labour. Leduc Co-op Ltd. is exploring opportunities to implement a supplier code of conduct policy or procedure that may be developed to minimise this impending risk.

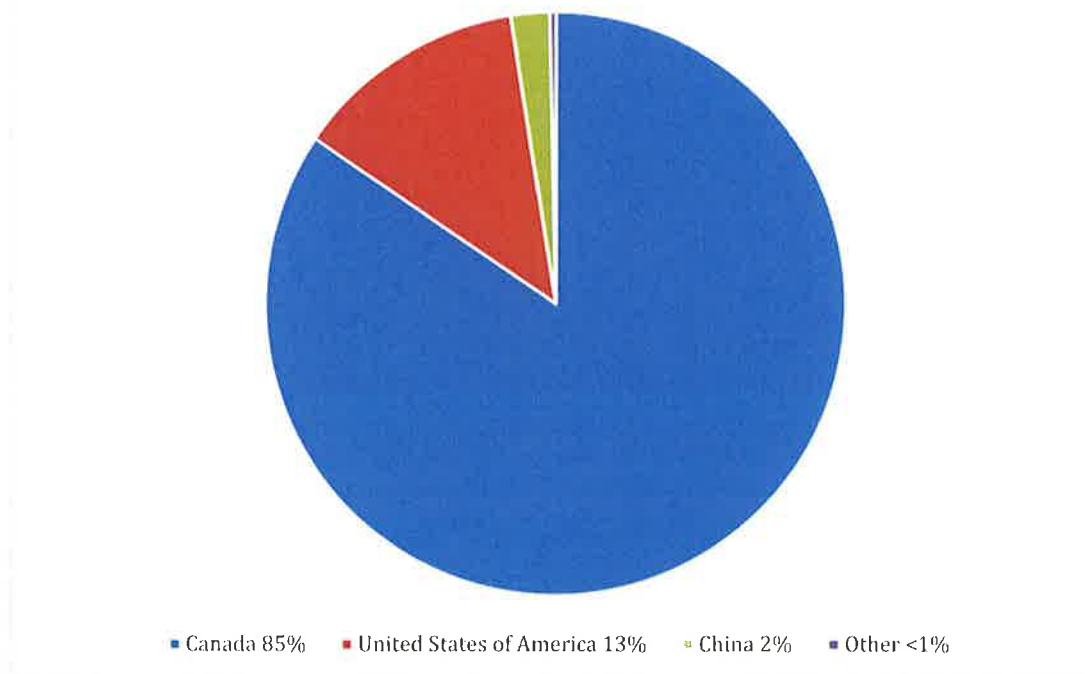


Figure 1. Total spend by country in fiscal year 2023 on <categories witch risk assessment was conducted for>.

Include the same wording as option one, and include a caveat that information provided only speaks to the most material suppliers.

Leduc Co-op Ltd. supply chain mapping activities on were limited to our most material vendors. Materiality was determined by selecting our top 10% of suppliers by total spend in 2023.

The remaining 8% of goods purchased by Leduc Co-op Ltd. are procured from outside of FCL. Leduc Co-op Ltd. has 8 main categories of goods for resale, which include, food, agriculture,



energy, pharmaceuticals, liquor, fuel, and car wash supplies home and building supplies. 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, Leduc Co-op Ltd. has conducted an initial risk assessment of categories of goods for resale and identified inherent risks of forced and/or child labour. To mitigate the inherent risks with these good types, Leduc Co-op Ltd. developed and implemented policies, procedures and management oversight controls to reduce the risk of forced and child labour.

4. Remediation of Forced and Child Labour

Leduc Co-op Ltd. has taken action to remediate potential risks of forced and child labour through development and deployment of the new policies and procedures outlined in Section 2 of the report. In the future, Leduc Co-op Ltd. 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, Leduc Co-op Ltd. will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Leduc Co-op Ltd. 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

Annual training and attestation are currently required for all employees to ensure compliance with Leduc Co-op Ltd.'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 Leduc Co-op Ltd. Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Leduc Co-op Ltd. 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, Leduc Co-op Ltd. 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

Leduc Co-op Ltd. has conducted a review of current policies and procedures as they pertain to child and forced labour. Leduc Co-op will conduct 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: Fernando Jimenez
Title: Controller, Leduc Co-op Ltd.
Date: May 29, 2024

Signature:

A handwritten signature in black ink, appearing to be "F. Jimenez", written over a horizontal line.

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