

Alberni District Co-Operatives Association



Forced Labour in Canadian Supply Chains

Alberni District Co-Operatives Association

May 31, 2024



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Introduction

This report is Alberni District Co-Operatives Association (Alberni 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 November 30, 2023. In this Statement, the terms ‘the Co-op’, ‘we’, ‘us’, and ‘our’ refer to Alberni Co-op. The reporting entity covered by this statement is Alberni Co-op, business number 100110394.

For the purposes of the Act, Alberni Co-op meets the entity definition by having a business in Canada, doing business in Canada and meeting the revenue and asset size-related thresholds. Alberni Co-op is incorporated provincially under the BC Co-operatives Act 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. This report will be included with Alberni Co-op’s annual report alongside financial statements each year.

Alberni 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, Alberni 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.

The Co-op is guided by core values of conducting business with honesty and integrity while building trust with our members and community. Alberni 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 Port Alberni, British Columbia, Alberni 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 Co-operatives Limited (“FCL”). Alberni Co-op is in turn owned by 11,000 members in British Columbia. As part of the CRS, Alberni Co-op helps build, feed and fuel individuals in the local communities.

Activities

Alberni Co-op’s business is largely business-to-consumer focused on serving the communities in which we operate. Our core retail lines of business include fuel, liquor, and convenience stores. We operate three gas bar locations, a commercial cardlock, and a liquor store in the



Alberni Valley area. There are 51 individuals employed by Alberni Co-op.

Supply Chain

Alberni Co-op sources approximately 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 and distribution centres.

The remaining 10 percent of products are sourced by Alberni Co-op from within Canada. The procurement spend on these products have been outlined in the "Identification of Risks" section in the following pages.

Wholesale and Retail Trade: Products Sourced for Resale

CATEGORY	DESCRIPTION
ENERGY	Fuel, lubricants, propane are all sourced through FCL
LIQUOR	Wine, Spirits and Beer. All local production and imports of these products are regulated and overseen by the Province of British Columbia through the Liquor and Cannabis Regulation Branch and the BC Liquor Distribution Branch.
FOOD	All food products are supplied by FCL or locally owned and operated distributors operating within British Columbia under the laws of Canada and British Columbia.

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

Alberni Co-op maintains an Ethics Policy to which all employees must adhere to. This Policy explicitly states the expectations for employees to uphold the highest standards of ethical conduct, and that dishonest or unethical behaviour will not be tolerated. Alberni Co-op People and Culture team regularly reviews human resource related policies to ensure Alberni Co-op remains in compliance with applicable workplace and labour legislation.

Alberni Co-op ensures that there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. Alberni Co-op does not employ anyone under the age of 14 and follows all applicable young worker restrictions outlined in the BC Employment Standards Act for any employees under the age of 16.



3. Identification of Risks

FCL Products

Alberni Co-op's main supplier, FCL, accounts for approximately 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 Convenience Store and Food categories of 1) beverages (specifically coffee); 2) other (specifically chocolate); and 3) hard goods (specifically electronic items):
 - a. An inherent risk of child and forced labour has been identified within the above categories. FCL sustainably sources fair-trade-certified products to mitigate these risks with respect to coffee and chocolate products.
 - b. All FCL preferred suppliers for hard goods are Canadian based distributors 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, Alberni Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL. FCL has also submitted its own response to comply with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act. As FCL is a Tier 1 supplier to Alberni Co-op Ltd., we will continue working with FCL to mature our joint approach to greater supply chain transparency.

Non-FCL Products

The remaining 10% of goods purchased by Alberni Co-op are procured from outside of FCL. Alberni Co-op has 2 main categories of goods for resale, which include food (including non-alcoholic beverages) and liquor. For the purposes of this risk assessment, Alberni Co-op assessed goods procured from key direct suppliers – those who make up at least 1% or more of remaining supply chain purchases outside of FCL. Alberni Co-op used 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* to assess the risk of child labour or forced labour.

Using these two indices, Alberni Co-op did not identify an inherent risk of child or forced labour among its industry of operation – retail trade. Also, Alberni Co-op did not identify specific goods procured from material suppliers nor the country where these suppliers operate, Canada, as having an inherent risk of child labour or forced labour.



4. Remediation of Forced and Child Labour

To mitigate the inherent risks with these types of goods, Alberni Co-op is exploring opportunities to implement a supplier code of conduct to minimize this impending risk. Alberni Co-op is also exploring 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, Alberni Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Alberni Co-op has not identified any child or forced labour in operations or supply chains and therefore no measures have yet been taken to remediate the potential loss of income to vulnerable families. Alberni Co-op will continue to monitor its operations and supply chains for child or forced labour.

6. Employee Training

There is currently no training in place on the topic of forced or child labour. However, annual training is currently required for all employees to ensure compliance with Alberni Co-op's ethical policy, laws and regulations. Alberni 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

Alberni 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, the number of employees in procurement roles participating in training to be developed, 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 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.

Dave Heinrichs
General Manager
May 31, 2024

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

I have the authority to bind Alberni District Co-operative Association.