

<Palliser Plains Co-operative Association Limited>



Forced Labour in Canadian Supply Chains

<Palliser Plains Co-operative Association Limited>

May 5, 2024



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Limited liability statement to be included in template to local Co-ops

Disclaimer: The content contained within this template is intended solely for informational purposes and does not contain legal advice. When using this template, it is the local Co-op association's responsibility to conduct thorough due diligence measures concerning forced and child labor within their organization to ensure full compliance with the applicable legislation. This includes, but is not limited to, comprehensive research, analysis, and reporting on any potential instances of forced or child labor practices.

Furthermore, any report generated using this template must undergo review and approval by your organization's governing body or legal advisors. Failure to adhere to these requirements may expose you to significant compliance risks.

Please exercise caution and diligence in using this template, as inaccuracies or omissions in your report may have consequences. Always seek appropriate legal counsel and guidance to ensure compliance with all relevant laws and regulations.

Federated Co-operatives Limited (FCL) shall not be held liable for the consequences of any act or omission of any organization in its utilization of the information contained in this template.



Introduction

This report is Palliser Plains 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 Palliser Plains. The reporting entity covered by this statement is Palliser Plains business number R105419105.

For the purposes of the Act, Palliser Plains 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. Palliser Plains 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.

Palliser Plains 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, Palliser Plains 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 Unity, Honesty, Accountability & Knowledge, Palliser Plains 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 Tugaska, SK Palliser Plains is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. Palliser Plains is in turn owned by 2,455 members in Saskatchewan. As part of the CRS, Palliser Plains helps build, feed and fuel individuals and in our local communities. We employ 48 individuals.

Activities

Palliser Plains business is largely business-to-consumer focused on serving the communities in which we operate. Our core retail lines of business include liquor, agriculture, home and building, fuel, convenience stores, and fertilizer.



Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Palliser Plains with 4 retail locations in 4 communities in Saskatchewan including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Palliser Plains sources over 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 10 percent of products are sourced by Palliser Plains from within local or within Western Canada.

Supply Chain

Palliser Plains's 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, fertilizer and feed |
| ENERGY | Fuel, lubricants, propane |
| FOOD | convenience store items, liquor, candy |
| HOME AND BUILDING SUPPLIES | hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products |

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

Co-ops will need to add in relevant detail pertaining to policies and due diligence procedures in place, relevant to child labour and/or forced labour.

For due diligence procedures, Co-ops will need to explain measures introduced or currently in place to assess and evaluate risk at supplier level, for example:

- Supplier code of conduct



- Supplier questionnaire used to learn more about the vendor or vet their qualifications or suitability
- Supplier clauses in contract related to forced labour/child labour
- Supplier performance or quality monitoring and auditing
- Mechanisms in place for securing relationship with FCL (if different from other suppliers)

Internal

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

Palliser Plains ensures that there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per Saskatchewan's labour laws, Palliser Plains does not employ anyone under the age of 14 and follows all applicable young worker restrictions for employees under the age of 16.

Palliser Plains 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. Palliser Plains'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.

3. Identification of Risks

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

For products sourced outside of FCL, each Co-op is responsible to identify the associated supply chain risks. When conducting a risk assessment, Vendor risk can be assessed using the following indices, *Walk Free's Global Slavery Index* and *the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor*. Listed below are potential avenues for assessing supply chain risk, Co-ops can align with one of the following, based on the available information:

- 1. Gathering information on each supplier including vendor name, vendors production location, and total spend with each vendor. From there, this information could be used to associate risk to material suppliers operating in regions of high risk for forced and child labour. The indices listed above can be used to attribute risk to each vendor.**

The remaining 10% of goods purchased by Palliser Plains are procured from outside of FCL. Palliser Plains has 6 main categories of goods for resale, which include, food, agriculture, energy, liquor, fuel, and home and building supplies. These product lines are sourced from within Canada. Palliser Plains is exploring opportunities to implement a supplier code of conduct to minimise this impending risk.

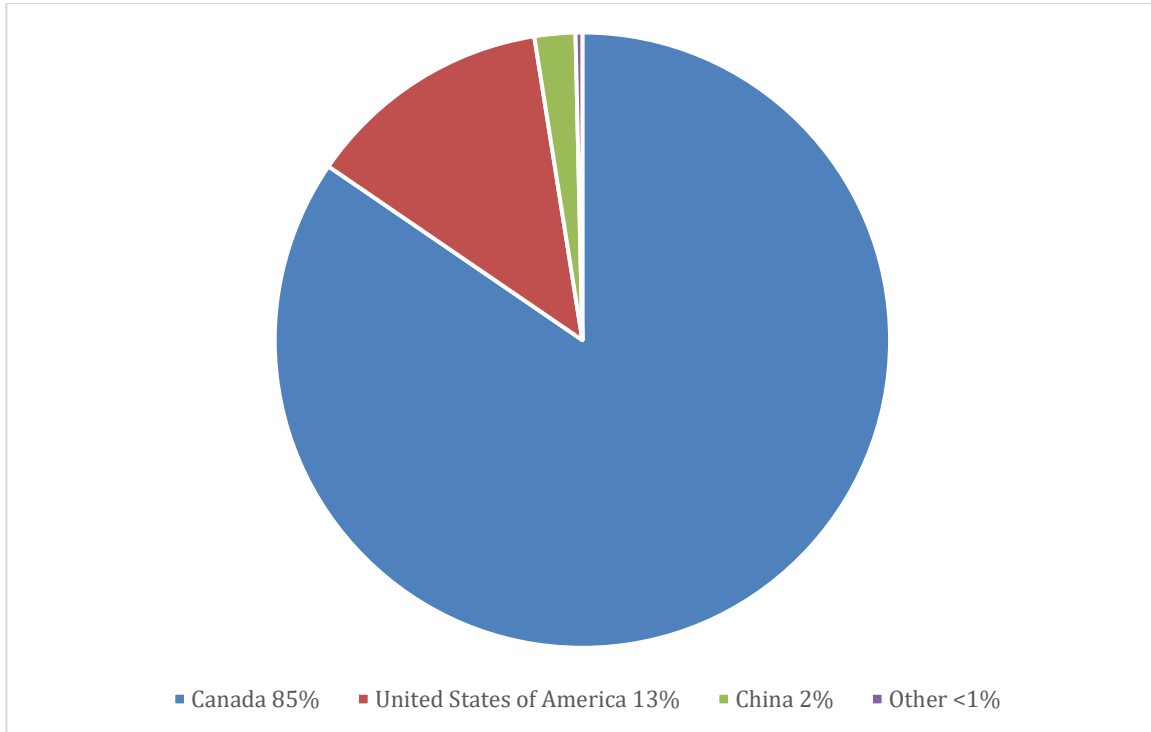


Figure 1. Total spend by country in fiscal year 2023 on <categories witch risk assessment was conducted for>.

- 2. Gathering information on the most material suppliers, including their production location and total spend with each material vendor. Include a caveat in the report that only the most material vendors were assessed in this reporting year. The indices listed above can be used to attribute risk to each material vendor. Wording to consider if performing a risk assessment by vendor location:**

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

Palliser Plains's supply chain mapping activities on were limited to our most material vendors. Materiality was determined by selecting our top 90% of suppliers by total spend in 2023.

- 3. Defining the categories of products within the supply chain and using the above indices to associate risk to each category of good. Wording to consider if conducting a risk assessment by product category:**

The remaining 10% of goods purchased by Palliser Plains are procured from outside of FCL. Palliser Plains has 6 main categories of goods for resale, which include, food, agriculture, energy, liquor, fuel, and 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, Palliser Plains has conducted an initial risk assessment and identified inherent risks of forced and/or child labour in 0. To mitigate the inherent risks with these food types, Palliser Plains has implemented the following policies, procedures and management oversight controls:

- None at this time.

4. Remediation of Forced and Child Labour

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

5. Remediation of Loss of Income

Palliser Plains 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 Palliser Plains'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 Palliser Plains Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Palliser Plains 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, Palliser Plains 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

Palliser Plains 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.

Shane Bryan
Board President, Palliser Plains Co-operative
May 14th, 2024

Signature

I have the authority to bind Palliser Plains. The Statement has been reviewed and approved by the Board on behalf of itself.