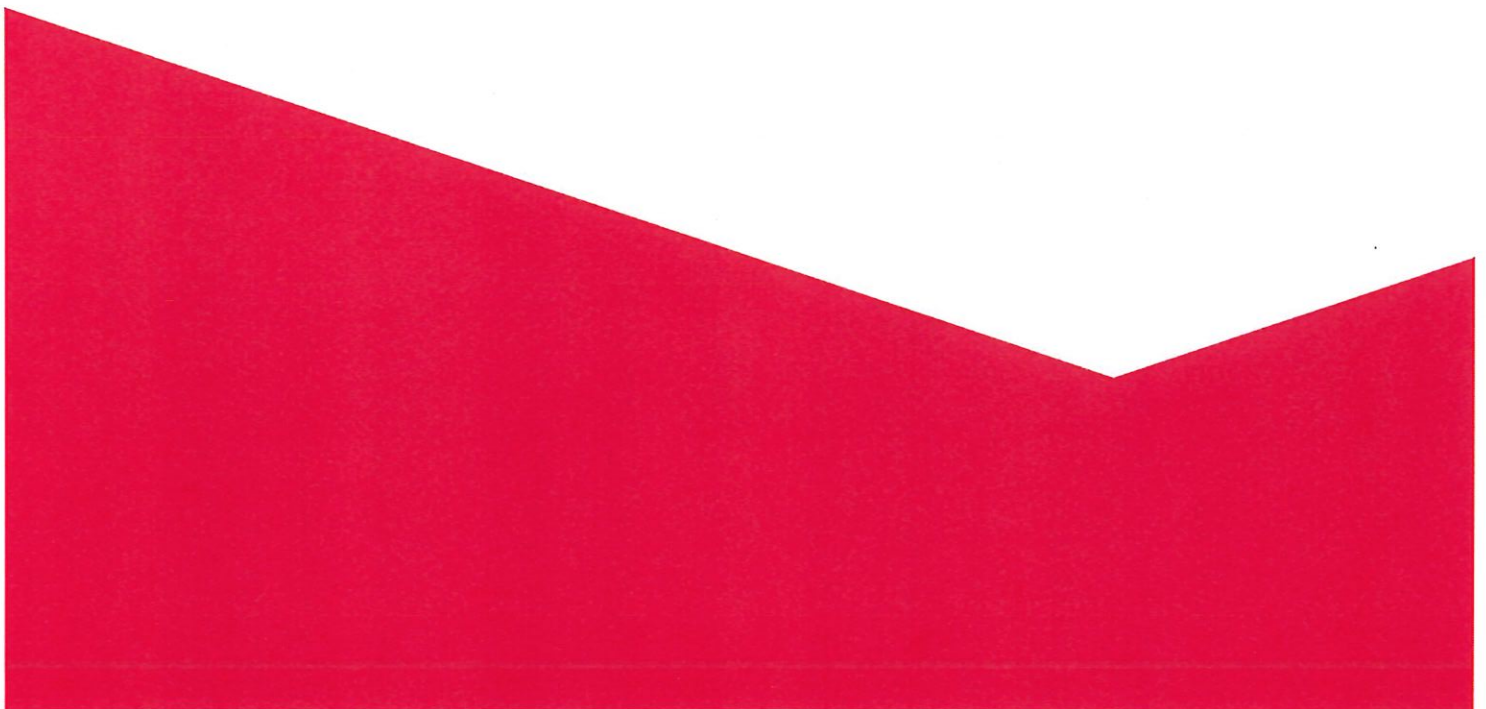




Forced Labour in Canadian Supply Chains

Swan Valley Co-op

May 2024





Contents

Introduction.....3

1. Structure, Activities, and Supply Chain3

2. Policies and Processes in Relation to Forced and Child Labour4

3. Identification of Risks.....5

4. Remediation of Forced and Child Labour.....7

5. Remediation of Loss of Income7

6. Employee Training.....7

7. Efficacy of Actions7

8. Approval and Attestation of the Report7



Introduction

This report is Swan Valley Consumer Co-operatives Ltd.'s (Swan Valley 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 February 3, 2024. In this statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Swan Valley Co-op. The reporting entity covered by this statement is Swan Valley Co-op, business number 105101596.

For the purposes of the Act, Swan Valley Co-op meets the entity definition by having a business in Canada, doing business in Canada and meeting two of the three threshold criteria including revenue and assets. Swan Valley Co-op 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.

Swan Valley 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. Furthermore, Swan Valley Co-op is committed to respecting all human rights, under applicable law and the principles outlined 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 integrity, excellence, respect and community, Swan Valley 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 Swan River, MB, Swan Valley Co-op is one of 158 independent retail co-operatives across Western Canada that comprise the Co-operative Retailing System (CRS) and own Federated Co-operatives Limited (FCL). Swan Valley Co-op is in turn owned by 5300 members in Western Canada. As part of the CRS, Swan Valley Co-op helps build, feed and fuel individuals in our local communities. We employ over 180 individuals within all lines of business.

Activities

Swan Valley Co-op operates as both a business-to-consumer and business-to-business company, focusing on serving the communities in which we operate. Our core retail lines of business include food, agriculture, home and building, fuel, and convenience stores in west-



central Manitoba. Swan Valley Co-op's mission is to make a difference in our member's lives, through our commitment to excellence in customer experience.

Supply Chain

FCL sources and distributes products across many primary consumer and business lines to Swan Valley Co-op across our 7 retail locations in 2 communities within Manitoba including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Swan Valley Co-op sources 97% 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 3% percent of products are sourced by Swan Valley Co-op from Canada and the United States.

Wholesale and Retail Trade: Products Sourced for Resale by Swan Valley Co-op

CATEGORY	DESCRIPTION
AGRICULTURE	Agricultural equipment, crop protection products, fertilizer, seed and feed
FOOD	Convenience store items, candy
HOME AND BUILDING SUPPLIES	Building materials

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

Swan Valley Co-op maintains a Business Code of Conduct & Ethics policy to which all employees must adhere. Swan Valley Co-op has an established internal process for anonymous reporting of actual or potential wrongdoing including any actual or possible violation of law, regulation, policy and procedure through our Whistleblower policy. Swan Valley Co-op's Human Resources team regularly reviews human resource-related policies to ensure Swan Valley Co-op remains in compliance with applicable workplace and labour legislation.

Swan Valley Co-op ensures a reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. As per Manitoba Employment Standards, Swan Valley Co-op does not employ anyone under age 13 and follows all applicable young worker restrictions for employees aged 15 and younger. Young people who are 13, 14, or 15 years of



age need to complete a Young Worker Readiness Certificate Course before they can begin working. The Young Worker Readiness Certificate Course teaches young people about Employment Standards and Workplace Safety and Health requirements and requires a parent/guardian signature showing consent. During a school week, young people 13, 14, or 15 years of age can work up to 20 hours per week. During school breaks, young people can work as much as any other employee. Young People are not allowed to work alone and must be directly supervised by an adult who is in the workplace, therefore the tasks they perform are supervised and low risk as a result. Young people are prohibited from operating certain types of equipment (example: bread slicer).

Swan Valley Co-op's goal is to prioritize the reporting and remediation of forced and child labour incidents, protect victims and prevent future cases. We are investigating the potential of having a Social Responsibility Agreement with our suppliers to ensure they are committed to responsible sourcing, providing workers with fair wages and working hours, and a safe, clean, and healthy work environment meeting the basic principles of human rights and do not use forced, prison or child labour.

3. Identification of Risks

Swan Valley Co-op's main supplier, FCL, accounts for 97% 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, Swan Valley Co-op will be relying on this ongoing assessment to



continue assessing goods procured from FCL.

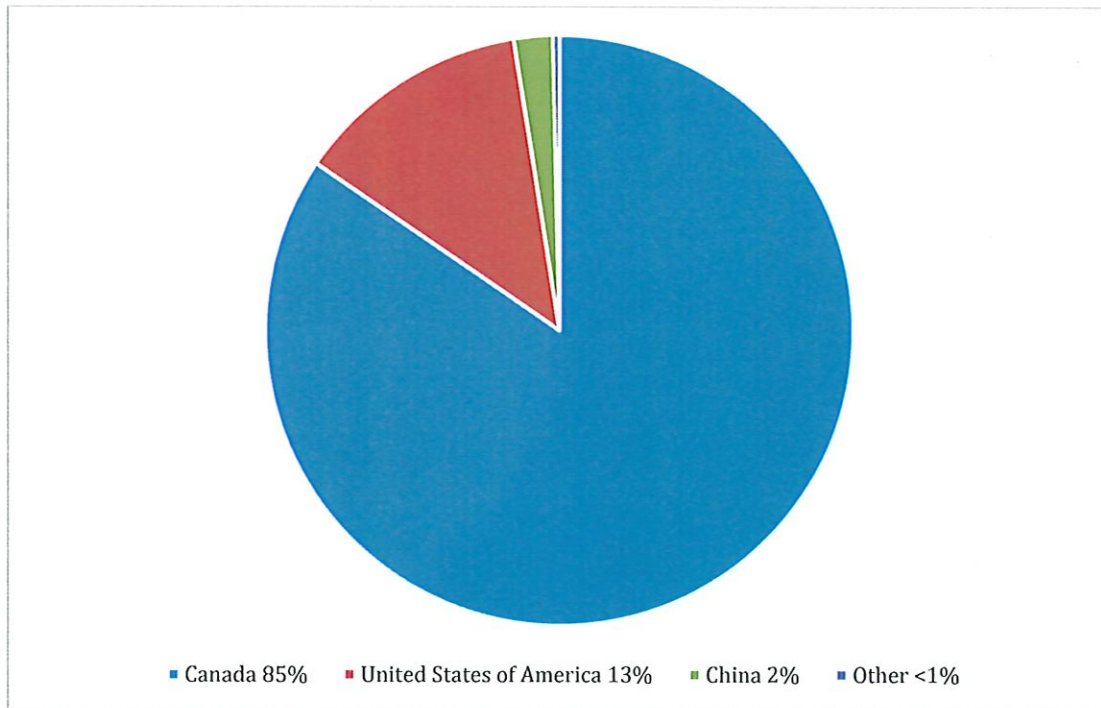


Figure 1. Total spend by country in fiscal year 2023 on <categories witch risk assessment was conducted for>.

The remaining 3% of goods purchased by Swan Valley Co-op for resale are procured outside of FCL. Swan Valley Co-op procures 5 main categories of goods for resale, which include, food, agriculture, 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*, Swan Valley Co-op has conducted an initial risk assessment of the categories listed above and has not identified inherent risks of forced and/or child labour. Swan Valley Co-op is exploring opportunities to implement a supplier code of conduct to continue to minimize and potential risks.

Swan Valley Co-op's supply chain mapping activities were limited to our most material vendors. Materiality was determined by selecting suppliers with total spending over \$25,000 in the 2023 fiscal year.



4. Remediation of Forced and Child Labour

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

5. Remediation of Loss of Income

Swan Valley 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

Employees are required to ensure compliance with Swan Valley Co-op's Business Code of Conduct & Ethics 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 Swan Valley Co-op Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Swan Valley Co-op has identified the opportunity to incorporate human rights awareness training into the Business Code of Conduct & Ethics policy to create awareness with the associated risks of forced and child labour. In addition, Swan Valley 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

Swan Valley 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

Under 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: LARRY TERHORST

Title: BOARD PRESIDENT

Date: MAY 27, 2024

Signature *Larry Terhorst*

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