



Forced Labour in Canadian Supply Chains

Swan Valley Co-op

April 10, 2025

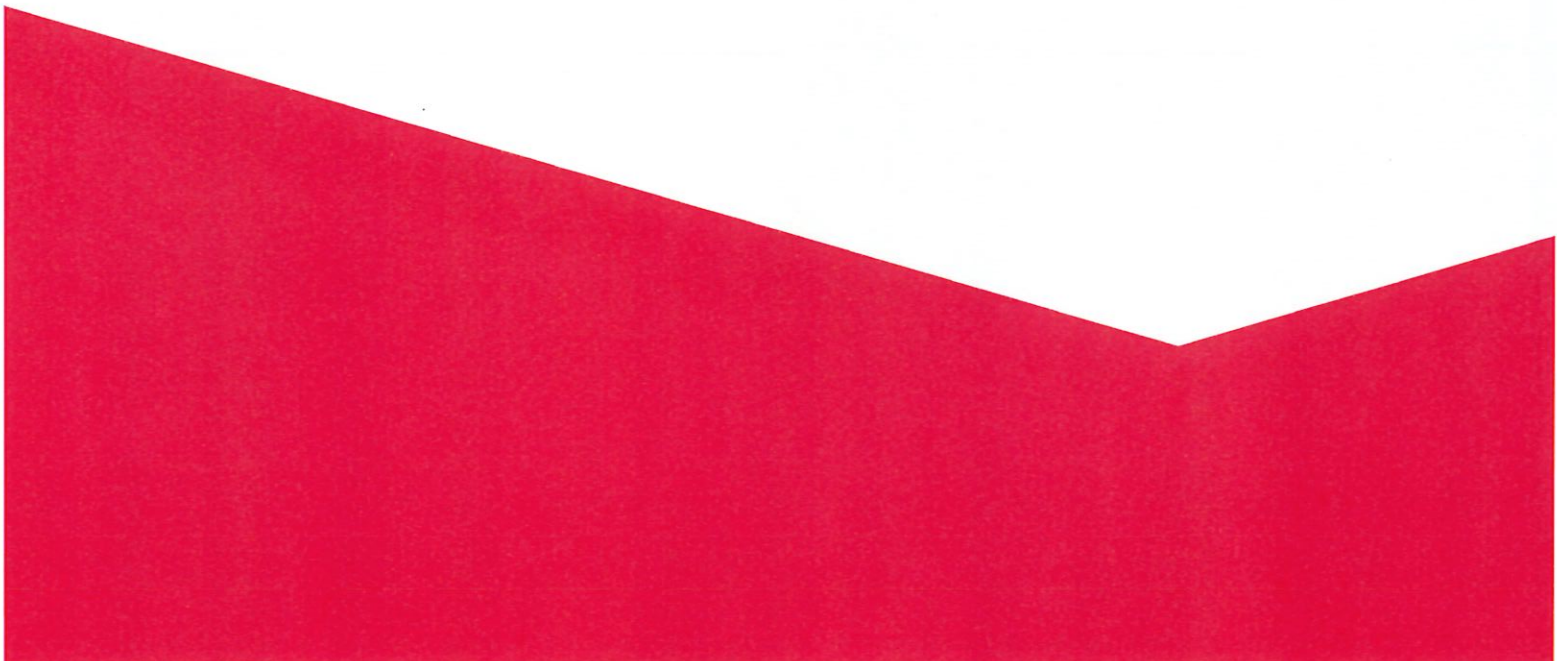




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Introduction

This report is Swan Valley Co-op's 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 1, 2025. 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 for revenue and assets. Swan Valley Co-op is subject to reporting obligations under the Act by producing goods in Canada. 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, 2025.

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, 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 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

Based in Swan River, MB, Swan Valley Co-op is one of over 150 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. Swan Valley Co-op is in turn owned by 5500 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 190 individuals within all lines of business.

Activities

Swan Valley Co-op is a business-to-consumer and business-to-business company focused on serving the communities in which we operate. Our core retail lines of business include food, agriculture, home and building, fuel, and convenience stores. Swan Valley Co-op's mission is



to make a difference in our members' lives through our commitment to excellence in customer experience.

Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Swan Valley Co-op with 7 retail locations in 2 communities in Manitoba, including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Swan Valley sources 95% 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 5% percent of products are sourced by Swan Valley Co-op from Canada and the United States.

Table 1. 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
Energy	Fluids, batteries and filters
Food	Convenience store items, candy
Home and building supplies	Building materials

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

Internal

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 potential violation of law, regulation, policy and procedure. Procedures are put in place to protect the anonymity of whistle-blowers from retaliation. Swan Valley Co-op's Human Resource 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 that there is a reduced risk of forced and child labour in operations through strict adherence to provincial and federal labour laws. As per Manitoba's labour laws, Swan Valley Co-op does not employ anyone under the age of 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).

In 2024, Swan Valley mandated that team leaders and senior leadership complete Module 1 - General Training on Forced and Child Labour provided by FCL. This training is now compulsory for all newly hired individuals in leadership roles.

Suppliers

In 2024, Swan Valley Co-op implemented a Supplier Certification, to be completed by any suppliers from whom we purchase \$25,000 or more. This certificate confirms:

- Their commitment to maintaining diligent oversight within their operations and supply chain to identify and prevent instances of child labour or forced labour,
- Their acknowledgment of the absence of such labour practices in their operations or supply chain concerning goods supplied to Swan Valley Co-op,
- Their agreement to promptly inform Swan Valley Co-op of any instance of child labor or forced labour, and
- Their commitment to taking appropriate remedial action if child labour or forced labour practices are discovered within their organization or supply chain.

The completion rate of the Supplier Certification is tracked as a performance indicator and used to assess efficacy of actions regarding forced and child labour undertaken through the fiscal year. The Supplier Certification was implemented in the fourth quarter of fiscal year 2024 and response rates from suppliers was approximately 30%. Our goal for 2025 is to have any new suppliers complete the Supplier Certification.



3. Identification of Risks

Swan Valley Co-op's main supplier, FCL, accounts for 95% of total procured goods. In assessing the risk of forced and child labour at the direct supplier level for this relationship, FCL has concluded on the following assessment of the use of forced and child 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 food categories:
 - a. An inherent risk of forced and child labour has been identified within the food categories of 1) protein foods (specifically seafood); 2) beverages (specifically coffee); and 3) other (specifically chocolate). FCL has a sustainable seafood policy, Social Responsibility agreements with private label food suppliers, a Supplier Certification with national brand food suppliers and, sources several 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. In 2024 employees in the FCL home and building supplies team travelled overseas for factory visitations, where they conducted informal auditing and monitoring of 40 selected suppliers. No incidences of forced or child labour were observed.
3. Goods procured for fertilizer:
 - a. FCL sources 100% of potash and sulphate products from Canadian producers, which would be considered a low risk for forced and child labour. Further, 85% of urea is sourced from Canadian producers, 9% from North American producers outside of Canada, and the remaining 6% from international import sources outside of North America. Urea, like fertilizer in general, is not considered an at-risk good for forced and child labour. Only 6 per cent of urea purchased by FCL is sourced from unknown international producers, reinforcing its classification as a low-risk good for Swan Valley Co-op.

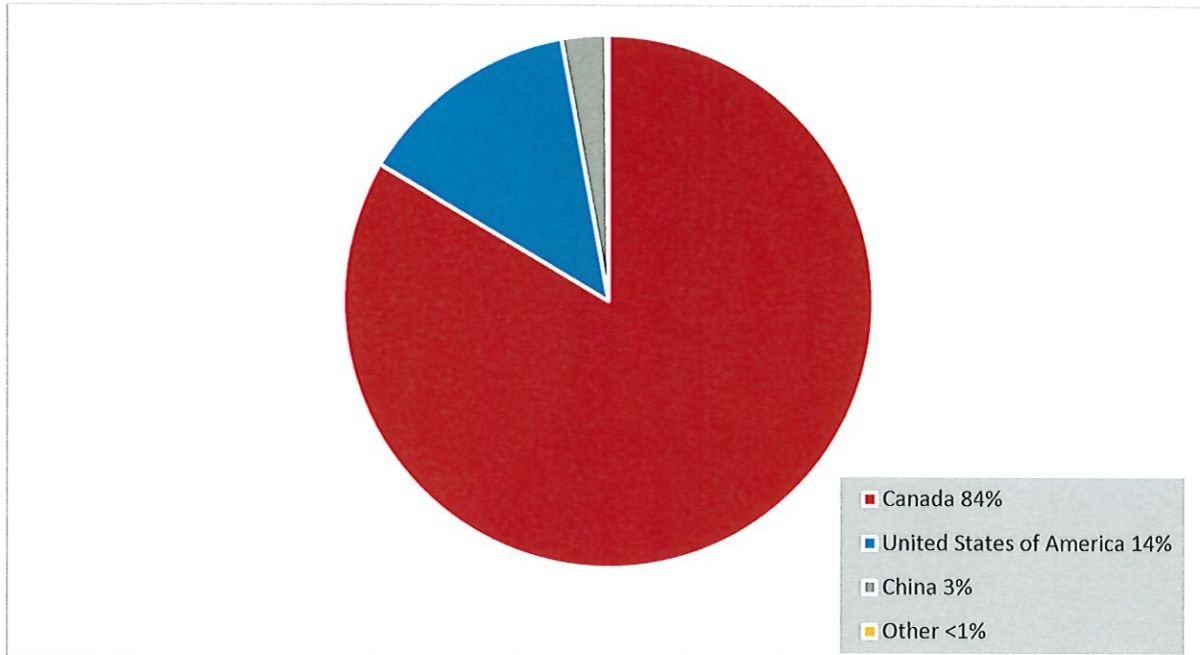


Figure 1. Total spend by country in fiscal year 2024 on categories for which risk assessment was conducted for.

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 on-going assessment to continue assessing goods procured from FCL.

The remaining 5% of goods purchased by Swan Valley Co-op are procured from outside of FCL. Swan Valley Co-op has 5 main categories of goods for resale, which include, food, agriculture, energy, 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*, Swan Valley Co-op has conducted an initial risk assessment of the categories listed above and has not identified inherent risks of forced and child labour.

Swan Valley Co-op's supply chain mapping activities were limited to our most material suppliers. Materiality was determined by selecting suppliers with a total spend over \$25,000 in the 2024 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 the deployment of the 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 instances of forced and child labour in operations or supply chains; therefore, no measures have been taken to remediate the loss of income to vulnerable families.

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.

In 2024, mandatory training on forced and child labour for all Swan Valley Co-op team leaders and senior leadership employees was implemented. This training educates employees on what forced and child labour is, its prevalence in the global economy, and the sectors the CRS operates in. Further, the training highlights the responsibility of the CRS in addressing forced and child labour and equips employees with information on what to do if they suspect forced or child labour is occurring in the supply chain. Going forward, all new hires in leadership positions will be required to complete the training.

7. Efficacy of Actions

Swan Valley Co-op conducted its annual review of current policies and procedures as they pertain to forced and child labour to ensure alignment with its ambitions to reduce these practices. In 2024, Swan Valley Co-op began tracking the efficacy of actions through relevant performance indicators, including completion rates for mandatory forced and child labour training and the number of suppliers signing the Supplier Certification and performance indicators will be tracked annually to measure year-over-year progress.

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 "Larry Terhorst", is written over a horizontal line.

Larry Terhorst
Board President
April 10, 2025

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