

Prairie Sky Co-op



Forced Labour in Canadian Supply Chains

Prairie Sky Co-op

DATE

May 16, 2024



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Introduction

This report is Prairie Sky Co-operative Association Ltd.'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 January 31, 2024. In this Statement, the terms 'Prairie Sky Co-op', 'the Co-op', 'we', 'us', and 'our' refer to Prairie Sky Co-operative Association Ltd. The reporting entity covered by this statement is Prairie Sky Co-operative Association Ltd, business number 102034809.

For the purposes of the Act, Prairie Sky Co-op meets the entity definition by having a business in Canada, doing business in Canada and meeting the threshold criteria for revenue and assets. Prairie Sky 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.

Prairie Sky 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, Prairie Sky 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 Excellence, Community, Service and Integrity, Prairie Sky 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

Prairie Sky Co-op is a member-owned cooperative and governed by an elected Board of Directors which appoint a General Manager that manages the operations of the corporation.

Based in Weyburn, SK, Prairie Sky 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 FCL. Prairie Sky Co-op is in turn owned by 13,093 members in Saskatchewan. As part of the CRS, Prairie Sky Co-op helps build, feed and fuel individuals and local communities. We employ 224 individuals.



Activities

Prairie Sky 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 food, liquor, pharmacy, agriculture, home and building, fuel and convenience stores.

Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Prairie Sky Co-op with 8 retail locations in 4 communities in Saskatchewan including food, home and building supplies, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Prairie Sky Co-op sources 92.7 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 and fuel terminals.

The majority of the remaining 7.3 percent of products are sourced by Prairie Sky Co-op include liquor, lotteries, tobacco, tires and groceries.

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

Prairie Sky Co-op maintains a Statement of Expectations and Business Ethics policies to which all employees must adhere to. Prairie Sky 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 and to ensure this, the reporting hotline is facilitated by a third party. Prairie Sky Co-op's Human Resources team regularly reviews human resource related policies to ensure Prairie Sky Co-op remains in compliance with applicable workplace and labour legislation.

Prairie Sky Co-op 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, Prairie Sky Co-op does not employ anyone under the age of 14 and follows all applicable young worker restrictions for employees under the age of 18.

Prairie Sky Co-op 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. Prairie Sky Co-op'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

Prairie Sky Co-op's main supplier, FCL, accounts for 92.7% 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, Prairie Sky Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL. The figure below represents the countries of origin.

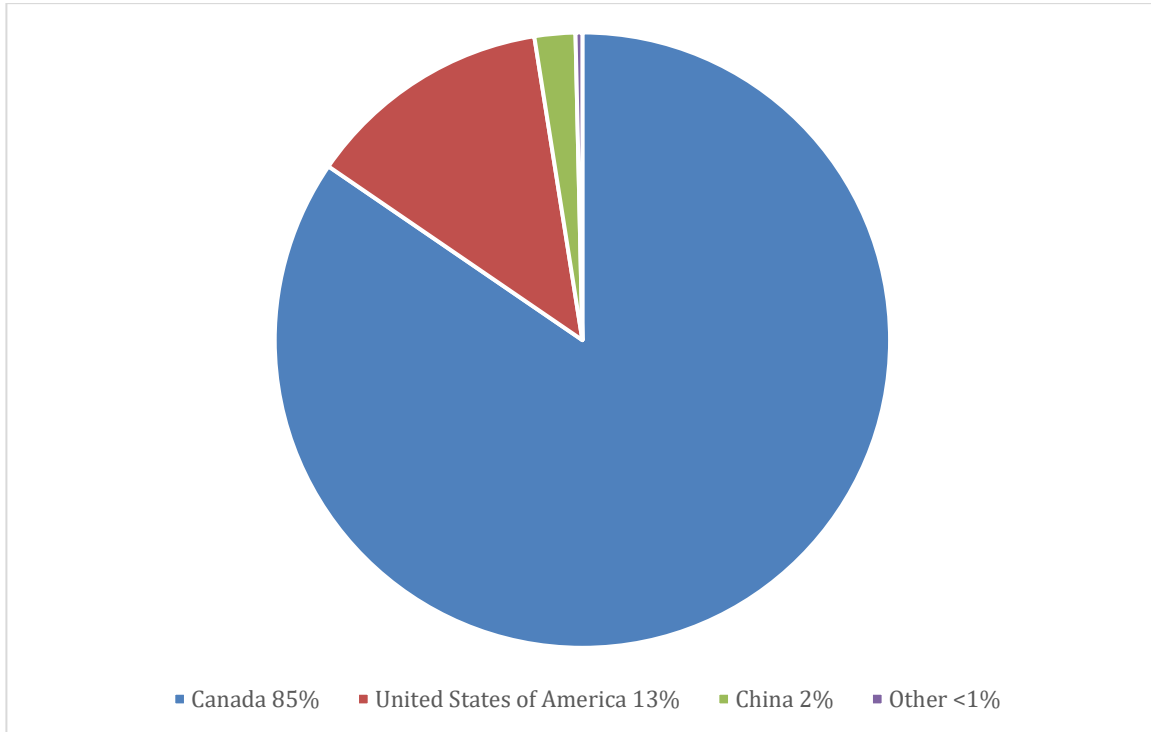


Figure 1. Total spend by country in fiscal year 2023.

The remaining 7.3% of goods purchased by Prairie Sky Co-op are procured from outside of FCL. The majority of these purchases are liquor, tobacco, lotteries, tires and groceries that FCL does not supply. Prairie Sky Co-op is exploring opportunities to implement a supplier code of conduct to minimise this impending risk.

4. Remediation of Forced and Child Labour

Prairie Sky 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, Prairie Sky 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, Prairie Sky Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Prairie Sky 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

Training and attestation are currently required for all employees to ensure compliance with Prairie Sky Co-op's Statement of Expectations and policy on Business Ethics. This is applicable to everyone that conducts business on behalf of the organization which includes the Prairie Sky Co-op Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Prairie Sky Co-op has identified the opportunity to incorporate human rights awareness training into an annual Code of Conduct attestation to create awareness and the associated risks of forced and child labour. In addition, Prairie Sky 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

Prairie Sky 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

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.

Kevin Arthur
General Manager
May 16, 2024

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

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