

Sun Valley Cooperative Ltd.



Forced Labour in Canadian Supply Chains

Sun Valley Cooperative Ltd.

DATE: May 7th, 2024



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Introduction

This report is Sun Valley Coop's response to comply with Section 11 of the Fighting Against Forced Labour and Child Labour in the Supply Chains Act (the Act) for the financial year ending 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Sun Valley Co-op Ltd. The reporting entity covered by this statement is Sun Valley Co-op Ltd., business number 105079974.

For the purposes of the Act, Sun Valley 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. Sun Valley Coop 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.

Guided by core values of Integrity, Responsibility, Community, and Excellence, Sun Valley Coop 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 Altona Manitoba, Sun Valley 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. Sun Valley Co-op is in turn owned by over 8000 members and employs 150 individuals.

Activities

Sun Valley Co-op business is largely business-to-consumer focused serving the communities in which we operate in Manitoba, Canada. Our core retail lines of business include food, liquor, carwash, fuel, convenience stores, and home and building materials.

Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer business lines to Sun Valley Co-ops 10 retail locations in 8 communities across Manitoba including food, home and building supplies, propane, lubricants, and petroleum. Sun Valley Co-op sources 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, and bulk fuel plants.



The remaining 10 percent of products are sourced by Sun Valley Co-op from multiple local suppliers including MB Liquor & Lotteries, all of which are suppliers in Canada.

Sun Valley Co-op's supply chain is primarily comprised of products that are manufactured by FCL legally owned entities and products sourced for resale.

| CATEGORY | DESCRIPTION |
|----------------------------|---|
| HOME & BUILDING | hardware, lumber, flooring |
| ENERGY | fuel, lubricants, propane |
| FOOD | convenience store items, liquor, candy, produce, bakery products, meat confectionary items. |

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

Internal

Sun Valley Co-op maintains policies to which all employees must adhere to. Sun Valley Co-op has an established an 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. Sun Valley Co-op's Human Resources team regularly reviews human resource related policies to ensure Sun Valley Co-op remains in compliance with applicable workplace and labour legislation.

Sun Valley 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 Manitoba's labour laws, Sun Valley Co-op does not employ anyone under the age of 14 and follows all applicable young worker restrictions for employees under the age of 16. Tasks required of employees under the age of 16 are monitored and kept within Manitoba legislation.

Sun Valley Co-op is exploring the implementation of effective grievance and remediation mechanisms to address concerns or potential cases of forced and child labour in the supply chain.



Suppliers

Our Close relationship with FCL as a preferred supplier and our understanding of their sustainability, social responsibility and environmental practices is an important part of our relationship with FCL. As FCL supplies Sun Valley Co-op with 90% of our procurement, we are confident in these purchases through their programs and qualifications.

3. Identification of Risks

Sun Valley Co-op'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, Sun Valley Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL. Sun Valley Co-op's supply chain mapping activities identifies FCL as our most material vendor. Materiality was determined that FCL is the supplier of 90% our total spend in 2023.

The remaining 10% of goods purchased by Sun Valley Co-op are procured from outside of FCL. Sun Valley Co-op has 4 main categories of goods for resale, which include, food, home and building materials, liquor, and fuel. All local supply chains are sourced from within Canada. 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*, Sun Valley Co-op has conducted an initial risk assessment and has not identified any inherent risks of forced and/or child labour that isn't being proactively managed through FCL.



4. Remediation of Forced and Child Labour

Sun Valley Co-op has taken action to remediate potential risks of forced and child labour through deployment of policies and procedures outlined in Section 2 of the report. In the future, if specific incidents of forced and child labour are identified, Sun Valley Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Sun 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.

6. Employee Training

Training and attestation are currently required for qualifying employees to ensure compliance with Sun Valley Co-op's policies, and government regulations. These opportunities will be reevaluated on an annual basis.

7. Efficacy of Actions

Sun Valley Co-op has conducted a review of current policies and procedures as they pertain to child and forced labour and is currently evaluating if further measures are required.

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.

Full name: Brad Iverson

Title: GM

Date: May 7th, 2024

I have the authority to bind Sun Valley Co-op.

The Statement has been reviewed and approved by the Board on behalf of itself