

Pembina West Co-op



Forced Labour in Canadian Supply Chains

Pembina West Co-op

MAY 10TH, 2024





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Introduction

This report is Pembina West Co-op's response to comply with Section 11 of the Fighting Against Forced Labor and Child Labor in Supply Chains Act (the Act) for the financial year ending February 3rd, 2024. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Pembina West Co-op. The reporting entity covered by this statement is Pembina West Co-op, business number 10040 3807 RC0002.

For the purposes of the Act, Pembina West Co-op 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. Pembina West 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.

Pembina West Co-op is committed to continuous improvement in the areas of identification and remediation of forced and child labor in operations as well as local and global supply chains. Further, Pembina West 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 our core values of Community, Integrity and Respect, Pembina West Co-op is committed to making ethical business decisions and taking proactive measures to address issues such as forced and child labor.

1. Structure, Activities, and Supply Chain

Structure

Based in Barrhead, Mayerthorpe, Whitecourt and Westlock, Alberta, Pembina West Co-op is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS). Pembina West Co-op is in turn owned by 11,541 members. As part of the CRS, Pembina West Co-op helps build, feed and fuel individuals and in our local communities. We employ 233 team members and team leaders on a part and full-time basis.

Activities

Pembina West 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, home and building, fuel and convenience stores.



Supply Chain

Pembina West Co-op sources 93% of the products for resale from FCL. FCL sources and distributes products across many primary consumer and business lines to Pembina West Co-op with 9 retail locations in 4 communities within Alberta. Including food, home and building supplies, livestock feed, propane, lubricants, and petroleum. 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 remaining 7% of products are sourced by Pembina West Co-op from within Canada by companies that may be local to the communities we serve.

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

Pembina West 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.

Pembina West 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 Alberta's labour laws, Pembina West Co-op does not employ anyone under the age of 14 and follows all applicable young worker restrictions.

Pembina West 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. Pembina West 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; or
- 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

Pembina West Co-op's main supplier, FCL, accounts for 93% 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, Pembina West Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 7% of goods purchased by Pembina West Co-op are procured from outside of FCL. This is due to FCL not carrying products, sourcing products locally or products are regulated. These product lines are sourced from within Canada and include such vendors as AGLC for tobacco and liquor, Coca-Cola Refreshments Canada and Pepsi-Cola Canada Beverages. Pembina West Co-op currently does business with approximately 130 additional product suppliers, which make up less than 2% of our total purchases. Pembina West Co-op is exploring opportunities to implement a supplier code of conduct to minimise any impending risks.

4. Remediation of Forced and Child Labour

Pembina West 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, Pembina West 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, Pembina West Co-op will work with suppliers to determine and implement remedial action.



5. Remediation of Loss of Income

Pembina West 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

Annual training and attestation are currently required for all employees to ensure compliance with Pembina West Co-op'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 Pembina West Co-op Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Pembina West Co-op 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 labor. In addition, Pembina West 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 labor in supply chains. These opportunities will be evaluated through fiscal year 2024.

7. Efficacy of Actions

Pembina West Co-op has conducted a review of current policies and procedures as they pertain to child and forced labor 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 labor.

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: Dallas Stevens

Title: President

Date: May 15, 2024

Signature: 

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