

Heritage Co-op 1997 Ltd.



Forced Labour in Canadian Supply Chains

Heritage Co-op 1997 Ltd.

Updated April 2025



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Introduction

This report is Heritage Co-op 1997 Ltd.'s "Heritage Co-op" (Business # 892414848) 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 December 31, 2024. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Heritage Co-op 1997 Ltd.

For the purposes of the Act, Heritage 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. Heritage Co-op is subject to reporting obligations under the Act by producing goods in Canada and importing goods produced outside Canada. Heritage 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. Heritage Co-op will not share this report with our members as part of the financial statement package for the current reporting year. However, Heritage Co-op will produce and make public this report electronically for 2024 and future years by posting it on our website.

Guided by core values of integrity, excellence, and responsibility Heritage 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 Minnedosa, Manitoba, Canada, Heritage 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 Federated Co-operatives Limited (FCL). Heritage Co-op is in turn owned by 34,366 members in Manitoba. As part of the CRS, Heritage Co-op helps build, feed and fuel individuals and our local communities. We employ approximately 525 individuals in the province of Manitoba.

Activities

Heritage Co-op's business is a combination of business-to-consumer and business to business retail trade focused on serving the communities in Western Manitoba in which we operate. Our core retail lines of business includes **Agriculture**: chemical, fertilizer, custom application, agronomy, seed, feed and equipment; **Energy**: fuel, lubricants, and propane; **Consumer**: food, pharmacy, convenience stores/gas bars; **Home and Building**: hardware and building supplies. Heritage Co-op blends fertilizer and treats seed which is considered goods manufactured.



Heritage Co-op provided management services to Gambler Gas and Convenience until June 29, 2024.

Primary Supply Chain

Heritage Co-op's supply chain is comprised of products that are manufactured by FCL legally owned entities and products sourced for resale. Heritage Co-op has in place a supply agreement with FCL that assures no less than 90% of commodities are sourced through FCL. Heritage Co-op entrusts the processes and due diligence of FCL to ensure compliance.

FCL sources and distributes products across many primary consumer and business lines to Heritage Co-op Ltd with 24 retail locations in seven communities in Western Manitoba including food, pharmacy, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Heritage Co-op sources **94.49%** 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. Heritage Co-op's supply chain is comprised of products that are manufactured by FCL's legally owned entities and products sourced for resale.

Supplemental Supply Chain

The remaining **5.51%** of products are sourced by Heritage Co-op from local suppliers within Western Manitoba, and where supply is not available, from within Canada, and then the United States. Our 2024 analysis included suppliers where at least \$300,000 (CDN) was transacted in 2024. Heritage Co-op also blends fertilizer and treats seed in Manitoba, which is considered a manufacturing activity.

Table 1. Supplemental Supply Chain Products sourced for Resale

CATEGORY	DESCRIPTION
AGRICULTURE	Crop protection products, fertilizer, seed, and Agriculture equipment and parts
FOOD/CONVENIENCE STORES	Tobacco and lottery



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

Internal

In 2024 FCL updated their Code of Conduct training module to include information regarding Forced and Child Labour. In 2024 FCL updated their Procurement Policy to include a social responsibility assurance process. In 2024 FCL developed a Supplier Certification, which will be completed by all national brand food suppliers. FCL has a social responsibility agreement with their food and home and building suppliers. We are relying on FCL as they are our primary supplier at **94.49%** of our 2024 procurement.

Heritage Co-op has begun the analysis and study of our secondary supply chains for vendors in which over **\$300,000** was transacted in 2024. Heritage Co-op has adopted a best practice for on-boarding local suppliers (Local Product Procurement guidelines) and will refine that practice to include a Supplier Code of Conduct.

Heritage 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. Heritage Co-op's Human Resource team regularly reviews human resource related policies to ensure Heritage Co-op remains in compliance with applicable workplace and labour legislation.

Heritage Co-op ensures that there is reduced risk of forced and child labour in operations through strict adherence to Provincial and Federal labour laws. As per Manitoba's labour laws, Heritage Co-op does not employ anyone under the age of 13, and follows all applicable young worker restrictions, including Young Worker Readiness Certification for employees under the age of 16. Duties, working hours, and length of shifts are modified to reduce risks. Young workers do not work alone.

Heritage Co-op is developing procurement policies that will include addressing the risk of child and forced labour. Heritage Co-op has adopted a best practice for on-boarding local suppliers (Local Product Procurement Guidelines) and will refine that practice to include all business lines, along with including a Supplier Code of Conduct, and supplier questionnaire used to learn more about the vendor or vet their qualifications or suitability.

3. Identification of Risks



Primary Supply Chain

Heritage Co-op's main supplier, FCL, accounts for **94.49%** 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% of urea purchased by FCL is sourced from unknown international producers, reinforcing its classification as a low-risk good for Heritage Co-op.

FCL is exploring opportunities to understand and reduce the risk of forced and child labour within their supply chain therefore, Heritage Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.



Supplemental Supply Chain

The remaining **5.51%** of goods purchased by Heritage Co-op are procured from outside of FCL. Heritage Co-op has six main categories of goods for resale, which include, food, agriculture, energy, pharmaceuticals, fuel and home and building supplies. The supplemental supply chain product lines of Agriculture and Food are sourced from 2 different countries, including **Canada** and the **United States**. Figure 1 below represents the countries of origin for the supplemental supply chain that was analyzed. Key suppliers of Heritage Co-op's Agriculture division import goods from the United States. No country has been identified as a high inherent risk country for forced and child labour. Heritage Co-op is exploring opportunities to implement a supplier code of conduct to minimise future risk.

Heritage Co-op has conducted an initial risk assessment of Agricultural Inputs and Home and Building Supplies, and while our primary and secondary supplies chains are resident to Canada and the United States, we are cognizant that there are inherent risks of forced and/or child labour in source countries of raw materials including India, China, and Russia. To mitigate the inherent risks with these commodities, Heritage Co-op will engage advisory services, including those provided by FCL, to provide further risk assessment and assist in the development of management oversight controls.

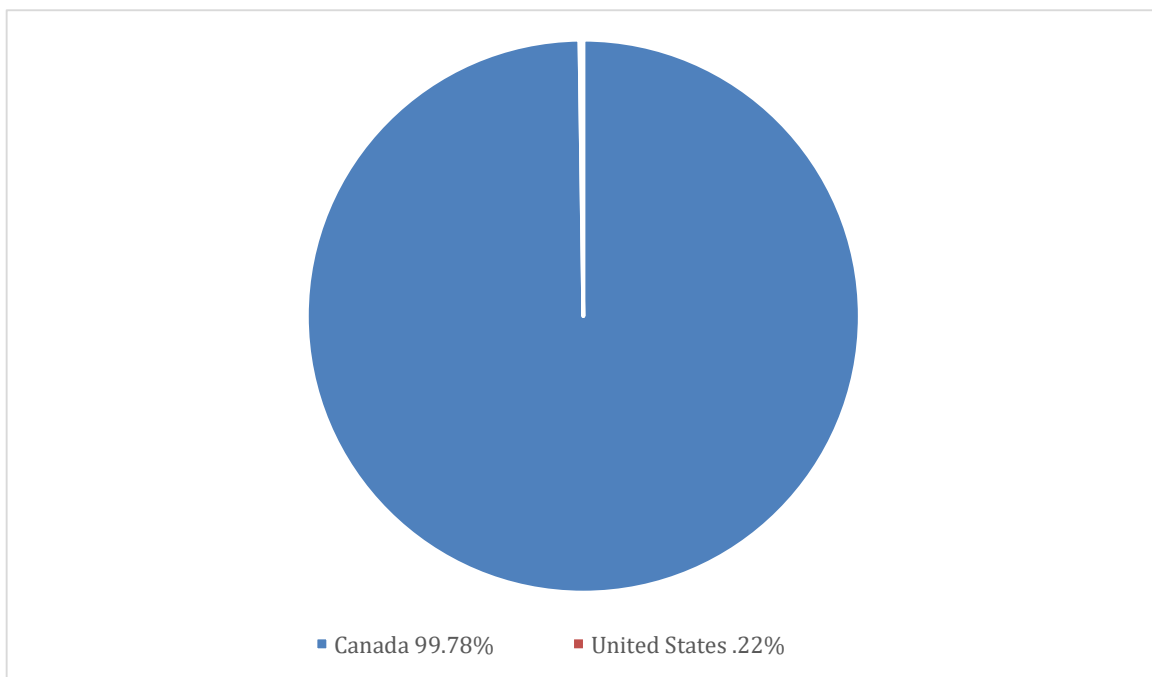


Figure 1. Total spend by country in fiscal year 2024 on goods for resale in our supplemental supply chain analysis

Heritage Co-op's supply chain mapping activities were limited to our most material



suppliers. Materiality was determined by selecting our top 97.31% of suppliers by total spend in 2024.

4. Remediation of Forced and Child Labour

Heritage Co-op is assessing actions 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, Heritage 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, Heritage Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Heritage 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

Heritage Co-op has identified the opportunity to incorporate human rights awareness training into our annual training to create awareness and the associated risks of forced and child labour. In addition, Heritage 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. The training required will be communicated to Heritage Co-op management and the team members in procurement in 2025.

7. Efficacy of Actions

Heritage Co-op has undertaken to conduct 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, completion of supplier surveys, 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 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.

Signature

Full name:

Title:

Date:

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