

Neerlandia Co-op



Forced Labour in Canadian Supply Chains

Neerlandia Co-op

May 27, 2024



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Introduction

This report is The Neerlandia Co-operative Association Limited 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 October 31, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to The Neerlandia Co-operative Association Limited. The reporting entity covered by this statement is Neerlandia Co-op, business number 103846531.

For the purposes of the Act, Neerlandia Co-op meets the entity definition by doing business in Canada and meeting two of the three threshold criteria for revenue, assets and employees. Neerlandia 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.

Neerlandia 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, Neerlandia 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, Relationship, Communities and Accountability, Neerlandia 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 Neerlandia, Alberta, Neerlandia 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 Federated Co-operatives Limited (FCL). Neerlandia Co-op is in turn owned by 3,149 members in Alberta and surrounding provinces. As part of the CRS, Neerlandia Co-op helps build, feed and fuel individuals in our local communities. We currently employ 75 individuals.

Activities

Neerlandia Co-op business is largely business-to-consumer focused on serving the communities in which we operate. Our core retail lines of business include food, liquor, automotive repair centre, agriculture, home, building materials and fuel.



Supply Chain

Wholesale and Retail Trade

FCL sources and distributes products across many primary consumer and business lines to Neerlandia Co-op including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, automotive repair centre and petroleum. Neerlandia Co-op sources 85% 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 15% of products are sourced by Neerlandia Co-op from wholesalers and retailers primarily located in Canada, with a very small portion sourced from wholesalers in the USA and Europe

Wholesale and Retail Trade: Products Sourced for Resale

CATEGORY	DESCRIPTION
AGRICULTURE	Agricultural equipment, crop protection products, fertilizer and feed
ENERGY	Fuel, lubricants, propane
FOOD	Grocery, Produce, Meat, Deli, Liquor
HOME AND BUILDING SUPPLIES	Hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products

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

Neerlandia Co-op maintains Compliance and Ethics policies to which all employees must adhere to. Neerlandia Co-op will work to establish internal process for anonymous reporting of actual or potential wrongdoing including potential violation of law, regulation, policy and procedure. Procedures will be put in place to protect the anonymity of whistle-blowers from retaliation. Neerlandia Co-op's Senior Leadership Team regularly reviews human resource related policies to ensure Neerlandia Co-op remains in compliance with applicable workplace and labour legislation.

Neerlandia Co-op ensures that there is reduced risk of forced or child labour in operations through strict adherence to provincial and federal labour laws. Currently Neerlandia Co-op does not employ anyone under the age of 16. In the future, should the Neerlandia Co-op consider employing youth under the age of 16, all necessary restrictions outlined by Alberta Labour Standards would be followed, such as parental permission, hours of work and appropriate supervision.



Neerlandia 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. Neerlandia 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

Neerlandia Co-op's main supplier, FCL, accounts for 85% 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, Neerlandia Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.



The remaining 15% of goods purchased by Neerlandia Co-op are procured from outside of FCL. These product lines are sourced from several different countries, including Canada, USA and the Netherlands. Key suppliers of Neerlandia Co-op's sporting goods, automotive repair shop and building materials retail lines may import goods from China. 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, China has been identified as a high inherent risk country for forced and/or child labour. Neerlandia Co-op is exploring opportunities to implement a supplier code of conduct and supplier questionnaires to minimise this inherent risk.

Neerlandia Co-op's supply chain mapping activities were limited to our most material non FCL suppliers. Materiality was determined by selecting our top 25 non FCL suppliers by total spend in 2023, representing approximately 67% of our non FCL supplier spending. This includes spend with transportation companies involved in the supply chain.

4. Remediation of Forced and Child Labour

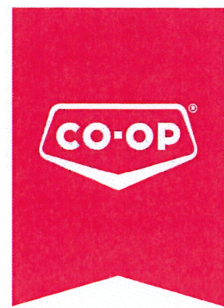
Neerlandia Co-op has taken action to remediate potential risks of forced and child labour through deployment of the policies and procedures outlined in Section 2 of the report. In the future, Neerlandia Co-op will explore opportunities to increase auditing and monitoring of suppliers to reduce the risk of forced and child labour. If specific incidents of forced and child labour are identified, Neerlandia Co-op will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Neerlandia 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 Neerlandia 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 Neerlandia Co-op Board of Directors, the Senior Leadership Team, and all current and new employees. The Neerlandia 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 labour. In addition, Neerlandia 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

Neerlandia 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.

Full name: Steven Devries

Title: General Manager

Date: May 27, 2024

Signature:

A handwritten signature in blue ink, appearing to read "Steve Devries", written over the printed name and date.

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