

Twin Valley Co-op Ltd.



Forced Labour in Canadian Supply Chains

Twin Valley Co-op Ltd.

May 29, 2024



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Introduction

This report is Twin Valley Co-op 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 November 30, 2023. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Twin Valley Co-op Ltd. The reporting entity covered by this statement is Twin Valley Co-op Ltd, business number 105431001.

For the purposes of the Act, Twin Valley Co-op Ltd. meets the entity definition by doing business in Canada and meeting the following two threshold criteria; revenue & assets. Twin Valley Co-op Ltd. 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.

Twin Valley Co-op Ltd. 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.

Guided by core values of integrity, commitment, sustainability and innovation, Twin Valley Co-op Ltd. 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 Birtle, Manitoba, Twin Valley Co-op Ltd. is one of 158 independent retail co-operatives from across Western Canada that make up the Co-operative Retailing System (CRS) and own FCL. Twin Valley Co-op Ltd. is in turn owned by 7,000 members. As part of the CRS, Twin Valley Co-op Ltd. helps build, feed and fuel individuals and in our local communities. We employ 160 individuals and up to 200 individuals during the peak agricultural season.

Activities

Twin Valley Co-op's business is retail trade, largely business-to-consumer, focused on serving the Manitoba communities in which we operate. Our core retail lines of business include food, agriculture, home and building, energy & convenience stores.

FCL sources and distributes products across many primary consumer and business lines to Twin Valley Co-op, with our 16 retail locations in 5 communities in Manitoba. This includes food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petroleum. Twin Valley Co-op sources 94% 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, fuel terminals and fertilizer plants.

Of the remaining 6 percent of products that are sourced by Twin Valley Co-op, the majority are local or within Canada.

Supply Chain

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

CATEGORY	DESCRIPTION
AGRICULTURE	Agricultural equipment, crop protection products, fertilizer, and feed
ENERGY	Fuel, lubricants, propane
FOOD	Grocery store & convenience store items including Co-op private label food products.
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

Internal

Twin 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, Twin Valley Co-op does not employ anyone under the age of 15 and follows all applicable young worker restrictions for employees under the age of 16. As many youths first employment, we strive to create a safe workplace for all, while being mindful of school hours & extracurricular activities.

At this time, Twin Valley Co-op does not have any policies or procedures to identify the risk of child and forced labour in supply chain.



Suppliers

Our main supplier, FCL has a long tradition of sourcing local products & supporting local business. Like Twin Valley Co-op, FCL offers a high standard of service and quality products and shares of core values. FCL has provided information on their due diligence policies and process to reduce the risk of forced and child labour in the supply chain.

- Care for the Environment brand attribute.
- Social Responsibility Agreement.
- Sustainable Seafood Policy.

3. Identification of Risks

Twin Valley Co-op's main supplier, FCL, accounts for 94% 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, Twin Valley Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 6% of goods purchased by Twin Valley Co-op are procured from outside of FCL. Twin Valley Co-op has 4 main categories of goods for resale, which include, food, agriculture, energy, and home and building supplies. These product lines were sourced from inside Canada.



While reviewing the suppliers of Twin Valley Co-op, we do have a supplier within the agriculture business line with manufacturing facility in United States, who imports raw materials 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. Twin Valley Co-op will continue to explore opportunities to gather information from our suppliers to minimise this impending risk.

Based on total spend in 2023, Twin Valley Co-op's supply chain mapping activities were limited to our most material vendors. Materiality was determined by selecting the top 20 suppliers, which represent 4.5% of the 6% not purchased from FCL.

4. Remediation of Forced and Child Labour

Twin Valley 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, we will work with suppliers to determine and implement remedial action.

5. Remediation of Loss of Income

Twin 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 the loss of income to vulnerable families that results from any measures taken.

6. Employee Training

Annual attestation is currently required for all employees to ensure compliance with Twin Valley Co-op's Oaths, including statements of confidentiality, employee handbook, policies & procedures. The annual Oaths are applicable to all current and new employees. Twin Valley Co-op has identified the opportunity to incorporate human rights awareness statement into the annual Oaths to create awareness and the associated risks of forced and child labour.

7. Efficacy of Actions

Twin Valley Co-op does not have any policies or procedures pertaining to child and forced labour in supply chain. We will work to create and implement policies and/or procedures to better understand our suppliers & the supply chain, as well as increase the level of awareness about child and forced labour with our Twin Valley Co-op employees.



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. 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.

Mark Morton
Board Chairman
May 29, 2024

A handwritten signature in black ink, appearing to read "Mark Morton", is written over a horizontal line.

Signature

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