

Discovery Co-op



Forced Labour in Canadian Supply Chains

Discovery Co-op

May 31st, 2024



Contents

Introduction.....	3
1. Structure, Activities, and Supply Chain	3
2. Policies and Processes in Relation to Forced and Child Labour	5
3. Identification of Risks.....	6
4. Remediation of Forced and Child Labour.....	7
5. Remediation of Loss of Income.....	7
6. Employee Training.....	8
7. Efficacy of Actions	8
8. Approval and Attestation of the Report	8



Introduction

This report is Discovery Co-operative'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 February 3, 2024. In this Statement, the terms 'the Co-op', 'we', 'us', and 'our' refer to Discovery Co-op. The reporting entity covered by this statement is Discovery Co-op, business number 10041 9019.

For the purposes of the Act, Discovery 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. Discovery 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.

Discovery 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, Discovery 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 Service, excellence and teamwork, Discovery 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 North Battleford, Saskatchewan, Discovery 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 Cooperatives Limited (FCL). Discovery Co-op is in turn owned by 19,000 members in Saskatchewan. As part of the CRS, Discovery Co-op helps build, feed and fuel individuals and our local communities. We employ 330 people.

Activities

Discovery 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, agriculture, home and building, fuel, convenience stores, sporting equipment and clothing.

Supply Chain

Wholesale and Retail Trade

Federated Cooperatives Limited (FCL) sources and distributes products across many primary consumer and business lines to Discovery Co-op with 21 retail locations in 4 communities in Saskatchewan including food, home and building supplies, crop inputs, agricultural equipment, livestock feed, propane, lubricants, and petrol. Discovery Co-op sources 97 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.

The remaining 3 percent of products are sourced by Discovery Co-op from within North America.

Supply Chain

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

Wholesale and Retail Trade: Products Sourced for Resale

Table 1 - Discovery Co-op Goods for Resale

CATEGORY	DESCRIPTION
AGRICULTURE	Agricultural equipment, crop protection products, fertilizer, seed, feed and small avian livestock
ENERGY	Fuel, lubricants, propane
FOOD	Grocery store and convenience store items, liquor and pharmacy
LIQUOR	Beer, Wine and Spirits
PHARMACY	Prescription medications, pain relief, cold medications, smoking cessation, supplements and first aid supplies.
HOME AND BUILDING SUPPLIES	Hardware, lumber, building materials, tools, paint, seasonal, plumbing, and electrical products
CLOTHING	Mens and women's clothing and footwear



SPORTING EQUIPMENT

Firearms, golf, water and snow sports, baseball, badminton equipment

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

Internal

Discovery Co-op maintains a Code of Conduct and Ethics policy and utilizes the ethics hotline administered by FCL. Posters are visible in employee break areas detailing the 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. Discovery Co-op's People and Culture team regularly reviews human resource related policies to ensure Discovery Co-op remains in compliance with applicable workplace and labour legislation.

Discovery 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 Saskatchewan's labour laws, all youth employees under the age of 16 must provide a parent/guardian consent form and obtain their Young Workers Readiness Certificate Course Certificate of Completion to be employed with Discovery Co-op. If an employee is under the age of 16, they are not permitted to work more than 15 hours a week when school is in session, after 10 pm on a night before a school day and before the start of any school day. Youth workers are able to work the same hours as other employees during school breaks and vacations in accordance with SEA (Saskatchewan Employment Act). Discovery Co-op does not employ anyone under the age of 14, and follows all applicable young worker restrictions for employees under the age of 18.

Discovery 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. Discovery 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

Discovery Co-op's main supplier, FCL, accounts for 97% 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, Discovery Co-op will be relying on this on-going assessment to continue assessing goods procured from FCL.

The remaining 3% of goods purchased by Discovery Co-op are procured from outside of FCL. Discovery Co-op has 10 main categories of goods for resale, which include, food, agriculture, energy, pharmaceuticals, liquor, fuel, sporting goods, clothing, footwear and home and building supplies. These product lines are sourced from 2 different countries, Canada and the United States. The figure below represents the countries of origin.

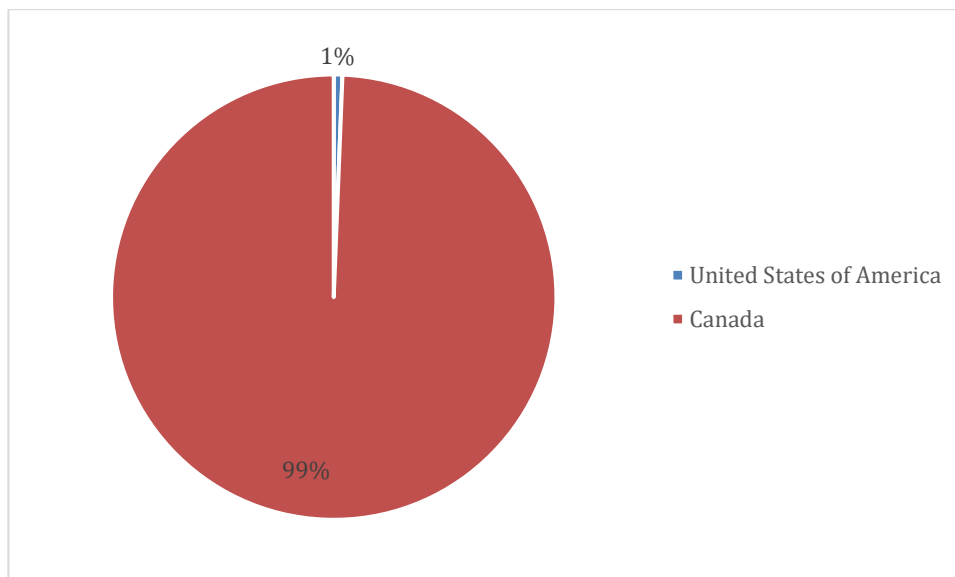


Figure 1. Total spend by country in fiscal year 2023.

Discovery Co-op's supply chain mapping activities were limited to our most material vendors. Materiality was determined by selecting our top 90% of suppliers by total spend in 2023.

4. Remediation of Forced and Child Labour

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

5. Remediation of Loss of Income

Discovery 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 Discovery 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 Discovery Co-op Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Discovery 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, Discovery 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

Discovery 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 Mike Nord
Title Chief Executive Officer
Date May 24, 2024

Signature *mike nord*

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