

Mid Island Consumer Services Co-operative



Forced Labour in Canadian Supply Chains

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Updated April 30, 2024



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Introduction

This report is Mid Island Consumer Services 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 Mid Island Consumer Services Co-operative. The reporting entity covered by this statement is Mid Island Consumer Services Co-operative, business number 103682159.

For the purposes of the Act, Mid Island Consumer Services Co-operative 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. Mid Island Consumer Services Co-operative is incorporated provincially under the BC Co-operatives Act 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. This report will be included with the Co-op's annual report alongside financial statements each year.

Mid Island Consumer Services Co-operative 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, Mid Island Consumer Services Co-operative is committed to respecting all human rights, in accordance with applicable laws and UN Guiding Principles on Business and Human Rights.

Guided by our core values of Community, Respect, Teamwork and Integrity, Mid Island Consumer Services Co-operative 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 Nanaimo, British Columbia, Mid Island Consumer Services Co-operative 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). Mid Island Consumer Services Co-operative is in turn owned by over 70,000 individual members in British Columbia. As part of the CRS, Mid Island Consumer Services Co-operative helps feed and fuel individuals and businesses in our local communities on Vancouver Island. We employ over 350 team members in our local communities.

Activities

Mid Island Consumer Services Co-operative is a retail business that is primarily a business-to-consumer channel focused on providing products and services to our member owners in



communities on Vancouver Island in which we operate. Our core retail lines of business include fuel, convenience stores, liquor and food.

Supply Chain

Mid Island Consumer Services Co-operative does not directly source or import any goods from outside Canada. Mid Island Consumer Services Co-operative's supply chain is comprised of products that are manufactured by FCL's legally owned entities as well as finished goods that are sourced from Canadian based wholesale distributors for resale.

FCL distributes these products across the Co-op's primary consumer and business lines to Mid Island Consumer Services Co-operative's 38 retail locations in 13 communities on Vancouver Island, British Columbia including food, propane, lubricants, and petroleum.

Mid Island Consumer Services Co-operative sources 79.2% percent of the products for resale from FCL and/or FCL's preferred vendors within Canada. 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.

Mid Island Consumer Services Co-operative sources 52.4% percent of its liquor products for resale through the British Columbia Liquor Distribution Branch, a subsidiary of the BC provincial government with the remainder sourced through various British Columbia based craft breweries, wineries and distillers that operate within Canadian and British Columbia Government laws.

Retail Trade: Product Categories Sourced for Resale

CATEGORY	DESCRIPTION
ENERGY	Fuel, lubricants, propane are all sourced through FCL or FCL preferred vendors.
LIQUOR	Wine, Spirits and Beer. All local production and imports of these products are regulated and overseen by the Province of British Columbia through the Liquor and Cannabis Regulation Branch and the BC Liquor Distribution Branch.
FOOD & HARD GOODS	All food and hard goods products are supplied by FCL or locally owned and operated distributors operating within British Columbia under the laws of Canada and British Columbia.



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

Mid Island Consumer Services Co-operative maintains Compliance and Ethics policies to which all employees must adhere to through our Code of Conduct attestation. Mid Island Consumer Services Co-operative's People and Culture team regularly reviews human resource related policies to ensure Mid Island Consumer Services Co-operative remains in compliance with applicable workplace and labour legislation.

Mid Island Consumer Services Co-operative ensures that the risk of forced or child labour in operations is mitigated through strict adherence to provincial and federal labour laws. Mid Island Consumer Services Co-operative does not employ anyone under the age of 14 and follows all applicable young worker restrictions outlined in the BC Employment Standards Act for any employees under the age of 16.

3. Identification of Risks

Mid Island Consumer Services Co-operative's main supplier, FCL, accounts for 79.2% 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 Convenience Store and Food categories of 1) tobacco products; 2) beverages (specifically coffee); 3) other (specifically chocolate); and 4) hard goods (specifically electronic items). These goods represent 4.8% of total goods purchased for resale with tobacco being 3.6% and food and hard goods 1.2% combined.
 - a. An inherent risk of child and forced labour has been identified within the above categories. FCL sustainably sources fair-trade-certified products to mitigate these risks with respect to coffee and chocolate products.
 - b. All FCL preferred suppliers for hard goods are Canadian based distributors 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, Mid Island Consumer Services Co-operative will be relying on this on-going assessment to continue assessing goods procured from FCL and its preferred suppliers.



- a. A risk assessment has been performed over the remaining key suppliers of Mid Island Co-op outside of FCL. Key is defined as those suppliers who make up at least 10% of Mid Island's remaining goods purchased for resale.
- b. Mid Island Consumer Services Co-operative has performed a risk assessment over the goods provided by the following key suppliers: BC Liquor Distribution Branch 40.7% and Brewers Distributor Limited 11.8%, representing a total of 52.5% of products sourced outside of FCL. Both of these suppliers operate and are based in British Columbia Canada.
- c. Mid Island Consumer Services Co-operative has reviewed 90% of its supply chain as a result of this risk assessment exercise. Mid Island Consumer Services Co-operative is continuing to understand its supply chain and recognizes that further analysis is needed across smaller tier-one suppliers to fully understand this risk.

4. Remediation of Forced and Child Labour

To mitigate inherent risks of forced and child labour, Mid Island Consumer Services Co-operative has identified the opportunity to develop a supplier code of conduct, specifically addressing the risks related to this Act, and to better understand its suppliers. Further discussion with suppliers is needed to hold them more accountable in reducing this risk. If a supplier is either unwilling or fails to provide required information or make any necessary changes to their supply chain the Co-op may cease its relationship with that supplier.

5. Remediation of Loss of Income

Mid Island Consumer Services Co-operative has not identified any specific 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 Mid Island Consumer Services Co-operative'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 Mid Island Consumer Services Co-operative Board of Directors, the Senior Leadership Team and all current and new employees and contractors. Mid Island Consumer Services Co-operative is also 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

Mid Island Consumer Services Co-operative has conducted a review of its current policies and procedures as they pertain to child and forced labour within its business 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 and abiding by the Supplier Code of Conduct, 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. Mid Island Consumer Services Co-operative recognizes that discussions will need to be held with suppliers to raise awareness of this Act, which will be implemented going forward.

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.

James Bowen
Board President
April 30, 2024

Signature:

A handwritten signature in blue ink, appearing to be "J. Bowen", written over a horizontal line.

I have the authority to bind Mid Island Consumer Services Co-operative. The Statement has been reviewed and approved by the Board on behalf of itself.