

# **Fighting Against Forced Labour and Child Labour in Supply Chains Report**

## 1. Introduction

This report is a single report prepared by Canadian Paper Connection Inc. (“CPC” or “we” or “are” or “our”) under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Act”). It covers CPC’s previous financial year ending July 31, 2023 (“Reporting Period”).

The Report outlines the steps CPC has taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used within any step of the production of goods in Canada, distribution and selling of goods in Canada and outside Canada and importing of goods into Canada produced outside of Canada.

## 2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour

CPC strives to ensure all agents working on behalf of CPC uphold and respect human rights as reflected in the UN Universal Declaration of Human Rights and the Canadian Charter of Rights and Freedoms. We uphold and support stringent ethical standards and principled business conduct throughout all our operations and respect the dignity and human rights of individuals globally.

In alignment with our commitment to human rights, as reflected in the United Nations Universal Declaration of Human Rights, CPC has implemented measures to prevent forced and child labour within our operations and supply chains. Our Forest Stewardship Council (FSC) certification affirms our explicit commitment to upholding and protecting fundamental human rights, with a zero-tolerance policy for child labour, forced labour, or human trafficking. As part of this certification, CPC has taken the following measures to combat risks of child labour and forced labour:

- **Annual Self-Assessment:** We conduct a thorough self-assessment annually to ensure ongoing compliance with FSC standards and to identify areas for improvement. This self-evaluation is critical for maintaining our certification and demonstrating our commitment to FSC requirements.
- **Supplier Certification:** A key component of our FSC certification is the requirement that a majority of our suppliers are also FSC certified. This ensures that our supply chain upholds the same environmental and social standards we value.
- **Staff Training:** We ensure that all pertinent staff, especially sales representatives and buyers, are well-trained in FSC procedures and requirements. This training is initially provided to familiarize staff with the certification's framework and is reviewed annually to account for any changes in guidelines, as outlined in the FSC code. This continuous education ensures that our team is always up to date with the latest FSC standards and can effectively implement them in their roles.
- **Designated FSC Administrator:** Our commitment to FSC certification is further underscored by the appointment of a dedicated FSC administrator. This individual is responsible for overseeing overall compliance, managing procedural updates, conducting training, and serving as the primary point of contact for all FSC-related matters within our organization.
- **Ethical Labour Practices:** In accordance with our FSC Chain of Custody Procedures, we strictly prohibit the hiring of underage employees and any form of forced labor. These ethical labor practices are an integral part of our commitment to social responsibility and are rigorously enforced to uphold the values of the FSC certification.

We recognize that this is the start of a continuous journey, and as we move forward, we plan to build upon the groundwork undertaken in the first Reporting Period to understand risks of forced labour and child labour in our supply chains and operations. In future Reporting Periods, CPC plans to:

- Formally designate a cross-functional team to oversee the procurement function regarding modern slavery risks (forced labour and child labour).

- Further establish a governance structure to ensure responsibility and accountability for modern slavery risk management and the implementation of commitments, with overall responsibility assigned to a member of the executive team.
- Implement a supplier due diligence process (building on the existing protocols acted in our adherence to FSC requirements) to assess and manage supply chain risks associated with forced and child labour. This process will involve regular evaluations of our suppliers' practices and compliance with our ethical standards, ensuring that our supply chain reflects our commitment to human rights and social responsibility.

### 3. Our Structure, Activities and Supply Chains

#### 3.1 Structure

CPC, based in Concord, Ontario, Canada, is incorporated under the *Ontario Business Corporations Act* within the Province of Ontario. CPC has operated as a privately-owned company since 1991. We are proud to be recognized as one of Canada's largest private-owned paper distributors, with distribution to more than 45 countries around the globe.

#### 3.2 Activities

CPC is a global wholesaler and distributor of paper and paperboard, sourcing and selling products worldwide. CPC is a one-stop resource for our customers with distribution activities across a variety of products/service offerings, as listed below:

- **Containerboard Division:** CPC's containerboard division specializes in the distribution of linerboard and medium products, primarily for corrugated packaging materials. Containerboard sales are a cornerstone of CPC's operations.
- **Boxboard Division:** CPC's boxboard division is engaged in the provision of coated and finished board for consumer-facing packaging, as well as uncoated boxboard for industrial applications. Boxboard sales are another key component of CPC's operations.
- **Kraft Paper Division:** CPC's kraft paper division distributes high-quality kraft paper using virgin wood pulp fiber, recycled fiber, or blends of both.
- **Paper Division:** CPC's paper division is responsible for supplying newsprint and other paper types for the publishing industry, including newspapers, marketing materials, and stationery.
- **Tissue Division:** CPC's tissue division oversees the distribution of tissue, towel, and napkin paper products.
- **Logistics Services:** CPC provides logistics and warehousing services, when required, for the distribution of our products.

#### 3.3. Supply Chains

CPC recognizes the importance of transparency and due diligence in outlining our supply chain. Our supply chain encompasses a diverse range of suppliers and service providers that play a crucial role in the production, sale, distribution, and importation of our paper products. This includes both direct and indirect suppliers, as well as service providers located within Canada and Internationally.

At the core of our supply chain are paper mills, which are integral to providing CPC with essential materials such as containerboard, boxboard, and paperboard rolls. These materials are the foundation of our business and are sourced with a commitment to traceability, with approximately 90% of our suppliers FSC certified.

In addition to our material suppliers, our supply chain includes freight companies which offer distribution services. We collaborate closely with these partners to optimize the logistics of our transportation processes.

Warehouses also form a critical component of our supply chain, providing storage and wholesale services that facilitate the management of our inventory and the fulfillment of customer orders.

CPC works to ensure that no part of our supply chain is associated with the risk of forced or child labour. We strive to identify the source countries or regions of origin for each of the goods and services used at each stage of our supply chain to the greatest extent possible.

#### **4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour**

CPC prioritizes ethical conduct and integrity throughout its operations. Our FSC Certification reflects our commitment to responsible sourcing and our Workplace Occupational Health and Safety Policy ensures the well-being of our employees by setting clear safety standards and procedures. Together with our Workplace Violence Policy and Whistleblower Process, these guidelines define the behavior expected of our employees and suppliers, providing a structure to identify and address potential unethical or illegal actions. These policies are practical measures that guide our daily operations and support our goal of maintaining a safe, fair, and legal workplace, free of forced and child labour.

##### **4.1 Forest Stewardship Council Certification (Policy on Core Labour Requirements)**

The Forest Stewardship Council is an international non-profit organization established to promote responsible management of the world's forests. FSC certification is a globally recognized standard that ensures that forestry products, such as wood and paper, are sourced from sustainably managed forests that adhere to high environmental and social standards. CPC is proud to be an FSC Certified business – through our partnerships with certified mills worldwide, we offer a variety of responsibly managed and ethically sourced paper products, supporting our customers' sustainability goals and contributing to the health of forests and the well-being of communities.

FSC's Core Labour Requirements are integral to its certification process, aligning with the International Labour Organization (ILO) conventions to safeguard fundamental labour rights. By mandating compliance with these requirements, FSC certification plays a pivotal role in combating the risks of forced labour and child labour within the forestry sector.

As an FSC-certified organization, we explicitly commit to combatting child labour and eliminating all forms of forced and compulsory labour. We must demonstrate adherence to these labour standards through rigorous self-assessments and third-party audits, ensuring ethical practices throughout our entire operations. As consumers and businesses increasingly demand ethically sourced products, FSC certification serves as a key indicator of our commitment to sustainable and socially responsible supply chains. Holding this certification enforces our commitment to combatting the risks of child and forced labour and to the broader goal of promoting fair labour practices globally.

Approximately 90% of our suppliers are FSC Certified and are responsible for following FSC guidelines, including Core Labour Requirements, as set by the FSC. The FSC Core Labour Requirements include specific guidelines related to both child labour and forced labour. The FSC restricts the use of child labour (defined as workers below the age of 15 or below the minimum age as stated under national, or local laws or regulations) and ensures no person under the age of 18 is employed in hazardous or heavy work. FSC requirements also prohibit all forms of forced and compulsory labour and ensures employment relationships are voluntary and based on mutual consent.

CPC has developed an FSC Chain of Custody Procedure to ensure overall compliance and adherence to FSC standards. This includes regular training for staff involved in FSC transactions, meticulous record-keeping for audit purposes, and strict adherence to sourcing and selling FSC-certified products. The procedures encompass sourcing from certified suppliers, verifying certification, maintaining detailed records of FSC claims and controlled wood, ensuring legality of timber, and controlling FSC claims throughout the sales and delivery process. Additionally, we have protocols for

handling non-conforming products, outsourcing, complaints, core labor requirements, and trademark use, all to maintain the integrity of the FSC certification and promote a responsible supply chain.

#### **4.2 Workplace Occupational Health and Safety Policy**

CPC has established a comprehensive Workplace Occupational Health and Safety Policy that is integral to maintaining a secure and ethical work environment. This policy underscores our commitment to the wellbeing of our employees by setting stringent safety standards and enforcing preventive measures to mitigate workplace hazards. Our approach ensures that every member of the CPC team is equipped with the knowledge and tools necessary to maintain a safe and healthy workplace.

#### **4.3 Workplace Violence Policy**

CPC takes the safety and health of its workers seriously and is dedicated to preventing workplace violence. We adhere to the Occupational Health and Safety Act (OHSA) and implement reasonable measures to protect our employees from violence in the workplace. Our program includes strategies to prevent violent incidents, ways to get immediate help, and a system for employees to report any concerns or incidents.

#### **4.4 Whistleblower Process**

Our Workplace Occupational Health and Safety Policy features a 'Whistleblower Process' that allows employees to confidentially escalate any issues which may arise to management and company leadership. We encourage our workers to use this internal channel to report concerns without fear of reprisal. Management is committed to promptly and thoroughly investigating all reports and addressing them fairly, while maintaining confidentiality to the best extent possible.

### **5. Forced Labour and Child Labour Risks**

CPC is dedicated to conducting business in a manner that respects human rights and the well-being of all individuals involved in our supply chain. We recognize the importance of ethical practices within our operational and supply chain activities.

We are vigilant in upholding our FSC certification which includes assessing suppliers to ensure they meet our high standards for ethical business conduct. To date, CPC has not identified any inherent risks of forced labour and child labour within our operations or supplier base.

### **6. Measures Taken to Remediate Forced Labour or Child Labour**

At this time, CPC has not identified any instances of forced labour or child labour in our activities or supply chains and therefore, has not undergone steps to remediate any harms of child labour or forced labour within the current Reporting Period.

### **7. Remediating the Loss of Income to the Most Vulnerable Families**

CPC recognizes that efforts to prevent and reduce the risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for the most vulnerable families. At present, CPC has not identified the need to take measures to remediate the loss of income to the most vulnerable families.

## 8. Training Provided to Employees on Forced Labour and Child Labour

CPC acknowledges the importance of empowering our staff with the learnings required to support our procurement personnel to understand, identify and competently manage the risks of forced labour and child labour throughout our operations and supply chains. As part of our FSC certification and Chain of Custody procedures, we provide training using a documented set of procedures available to pertinent staff dealing with FSC transactions. This training is designed to ensure that our staff are well-versed in the FSC's procedures and requirements, which includes combatting forced and child labour.

Initial training sessions are conducted to familiarize staff with the FSC's guidelines, with annual reviews to update them on any changes to the guidelines, new requirements, or as part of the onboarding process for new staff assigned to FSC-related activities. The training materials are stored both electronically on our shared server and in hard copy, ensuring that they are available to staff, management, and auditors at all times.

To maintain accountability and track progress, we keep a detailed training log that records the names of participating staff, the date, location of the training, and includes an employee signature to verify their participation and comprehension of the processes and procedures. This rigorous training regime not only equips our staff with the knowledge to uphold FSC standards but also reinforces our dedication to eradicating modern slavery from our supply chains as part of our FSC certification.

## 9. Assessing Our Effectiveness

CPC has not yet implemented a system to evaluate how effective our efforts are in mitigating the risks of forced labour and child labour. We are aware of our responsibility in identifying and reporting these risks within our operations and supply chain. Our aim is to continuously improve our capacity to measure the effectiveness of our future efforts and to disclose this in future Reporting Periods.

## 10. Attestation Statement

"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."

Jeffrey Moness, Chairman



*I have the authority to bind Canadian Paper Connection Inc.*

05/29/2024