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# **REPORT ON FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS (BILL S-211)**

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Coleman Group of Companies (Colemans)

Fiscal 2023

## Introduction

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This report is Coleman Group of Companies' ("Colemans") response to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

Colemans satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

This is the first report prepared by Colemans in response to Bill S-211. The financial reporting year of Colemans covered by this report is October 1<sup>st</sup>, 2022 to September 30<sup>th</sup>, 2023.

## Structure, History, Activities & Supply Chain

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### Structure

Colemans operates out of Newfoundland and Labrador. The parent company, Colemans Management Services, has a group of subsidiaries within the corporation. This report reflects Colemans, including its subsidiaries. Specifically, Colemans includes:

- Coleman Management Services Limited (CMS)
- Focenco Limited
- Colemans Shoppers World Limited (CSW)
  - Arthur James Clothing
  - Colemans BrandSource Home Furnishings

Colemans Shoppers World Limited includes both Arthur James Clothing Company, a customer-driven, active family retail speciality store with 3 store locations in Newfoundland and Labrador and BrandSource, a furniture store with 4 locations across western Newfoundland.

Both Colemans Shoppers World Limited and Focenco Limited are owned by CMS. Coleman Management Services Limited does not directly sell or purchase goods. However, they provide consultancy services and operational support to their group of companies, thereby indirectly participating in the sale and purchase of goods through their subsidiaries. Coleman Management Services Limited also owns and manages a real estate portfolio.

### History

The Coleman Group of Companies stands as a testament to the enduring spirit of entrepreneurship and dedication to excellence and community. Founded in 1934 by Arthur and Maggie Coleman, the company began its journey in a former schoolhouse in Corner Brook, Newfoundland and Labrador. Offering a diverse range of products including clothing, food, and hardware, the business quickly flourished, prompting expansion into new locations.

The innovative vision of Arthur and Maggie Coleman propelled the company forward, leading to the introduction of the first self-service grocery store in Newfoundland. This pioneering approach

revolutionized grocery retailing in Western Newfoundland and laid the foundation for further growth in the following decades. By the 1980s, the company underwent a significant restructuring, separating its food and furniture divisions while launching a new specialty clothing operation named after its founder, Arthur James Coleman.

Throughout the years, Colemans has continued to evolve and expand its operations. The establishment of Colemans Furniture World in the 1970s fueled growth and expansion, with new retail sites opening across prominent west coast locales. Major expansions in the food sector occurred in 1982 when second-generation Coleman executives acquired six retail grocery outlets, marking a significant milestone in the company's history.

Today, Colemans has a network of 15 food, 4 furniture, and 3 clothing retail operations throughout Newfoundland and Labrador, along with a wholesale food division. From its modest beginnings in a schoolhouse to its current status as a multifaceted enterprise, Colemans remains committed to upholding the legacy of innovation, quality, and a commitment to integrity for all employees and customers.

## Activities

At the core of Colemans' activities is its retail division, which operates across Newfoundland and Labrador. These retail outlets offer a diverse array of products, ranging from groceries and household essentials to furniture and apparel, catering to the varied needs of consumers across the region.

In addition to its retail operations, Colemans operates a wholesale food division, which serves as a key supplier to its retail outlets and other businesses in the region. Through its wholesale operations, the company ensures a steady supply of high-quality products to meet the demands of its customers.

Beyond its retail and wholesale operations, Colemans engages in speciality services, including administrative support provided by its CMS group to other subsidiaries within the company.

Additionally, Colemans invests in and owns a real estate portfolio. This real estate portfolio, managed by CMS, diversifies the company's holdings and contributes to its overall growth and success.

Colemans has 800+ total employees between companies within the group, which are broken out as follows:

- Focenco Limited: approximately 90% of Colemans' total employees
- Coleman Management Services Limited (CMS): approximately 4% of Colemans' total employees
- Colemans Shoppers World Limited (CFW): approximately 6% of Colemans' total employees

## Supply Chain

Colemans offers a wide variety of products to customers ranging from food products to furniture and clothing items. For example, Colemans BrandSource carries many of the top North American brands such as GE, Moffat and Samsung, while the Arthur James Clothing company sells clothing items from global brands, including Columbia, Osprey, and Under Armour.

**Focenco**

Much like the other subsidiaries within Colemans, Focenco sources its products and raw materials almost entirely from within Canada.

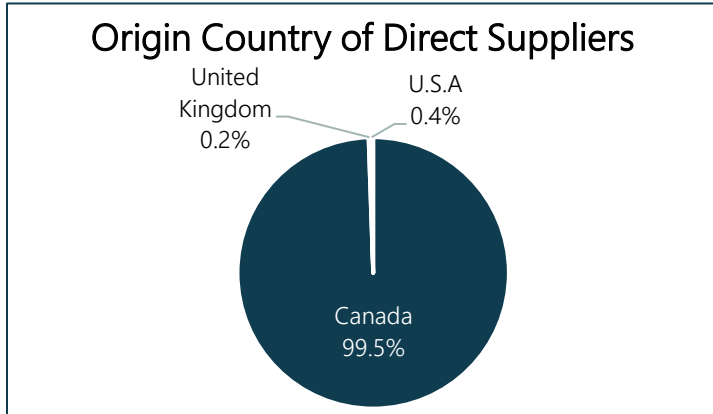


Figure 1

Figure 1 represents the makeup of Focenco’s supply chain network for its 15 grocery stores. Focenco sources 99.5% of products from Canadian suppliers. There is a small proportion of suppliers located outside of Canada; 0.2% in the United Kingdom and 0.4% in the United States. Colemans has not yet performed an analysis of indirect suppliers, for the purposes of reporting under the Act.

**Colemans Shoppers World Limited-Arthur James Clothing Company**

The Arthur James Clothing company sources over 98% of its clothing products from Canadian distribution centres. Although its suppliers are international brands and source products internationally, Colemans works directly with the suppliers’ Canadian distribution centres.

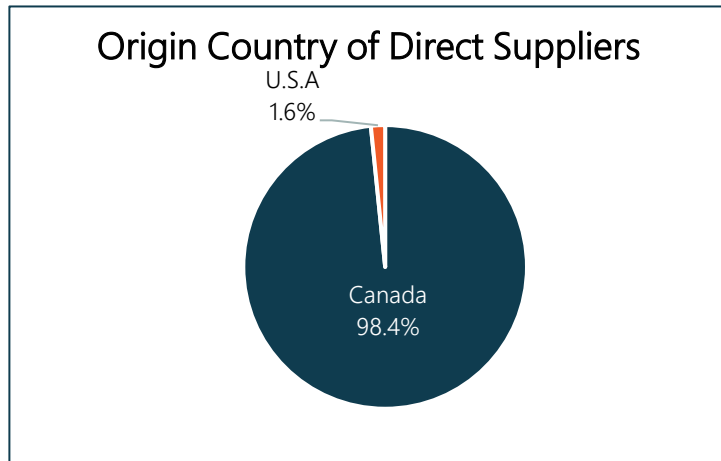


Figure 2

Figure 2 represents the makeup of Arthur James Clothing’s supply chain network. As seen in Figure 2, Colemans sources 98.4% of clothing products from Canadian-based suppliers. There is a small proportion of suppliers (1.6%) located outside of Canada (United States).

**Colemans Shoppers World Limited-BrandSource**

BrandSource does not produce any furniture items on its own. BrandSource sources products from the Canadian offices of the large, international brands it carries. All of the furniture items are sold within Newfoundland and Labrador.

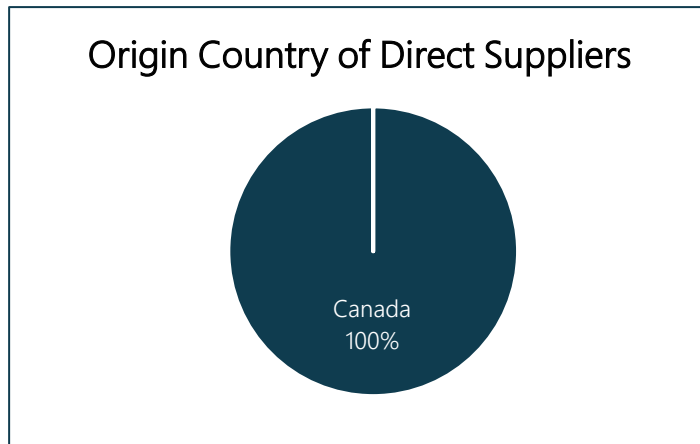


Figure 3 shows BrandSource’s supply chain network based on country of origin. BrandSource sources 100% of its products directly from Canadian-based suppliers. Colemans has not yet performed an analysis of indirect suppliers, for the purposes of reporting under the Act.

Figure 3

## Policies & Due Diligence Processes

Colemans prides itself on the implementation of comprehensive policies and due diligence processes that form the cornerstone of its operations. These frameworks are designed to uphold the highest standards of integrity, security, and ethical conduct throughout the organization.

There are a range of policies and due diligence procedures across Colemans’ operations. Each policy is designed to adhere to industry best practices, regulatory mandates, and the company’s core values, demonstrating a commitment to transparency, accountability, and compliance.

Colemans has had no experience with forced labour or child labour concerns, and these policies do not currently make specific mention of forced and/or child labour. However, these policies address employee well-being, safety and fair treatment, more broadly. These established policies are enforced and stitched into Colemans’ daily operations, and each employee receives these policies through an official “Staff Handbook” as part of onboarding.

The “Staff Handbook” and its policies will be amended in the coming year to include information regarding forced labour and child labour.

### Internal Policies

#### Guaranteed Fair Treatment Procedure

This procedure works to ensure that every team member, regardless of position, is treated with respect and in a fair and just manner at all times. The procedure details a whistleblower policy where staff who have concerns have a variety of avenues to raise their concerns, such as discussing with an immediate supervisor or manager, bringing unresolved issues to Human Resources (HR), and consulting the president of Colemans if the issue remains unresolved.

Colemans works hard to deploy an “open-door policy” throughout our organization and to all staff members. Colemans does this by ensuring confidentiality with all concerns and issues that are raised, and responds to concerns quickly and treats all concerns seriously.

### **Respectful Workplace Policy**

This policy outlines Colemans’ strict, no tolerance for any type of harassment of or by co-workers, contractors, customers, suppliers or other individuals employed with the Company. The policy provides detailed descriptions of the various types of harassment that can occur in the workplace and then details Colemans’ commitment to resolving any/all issues that arise in a respectful, timely and fair manner.

Much like the Guaranteed Fair Treatment Procedure, this policy outlines what options an individual has, should a harassment incident arise. Specifically, employees are encouraged to speak directly to senior management for all harassment concerns. Therefore, like the function of a whistleblower, if an issue were to arise related to forced labour or child labour, this reporting process is a mechanism in place to identify and alert the management of Colemans who then would tend to the resolution efforts.

### **Employment Equity**

The Staff Handbook identifies and defines Colemans' commitment to equity for all members of the organization. It explains how Colemans practises non-discrimination in its hiring, promotion and training practices. It also outlines Colemans’ pay equity policy which ensures that compensation is based primarily on the value of the job being performed and not on any other factors.

To reflect acknowledgement and agreement, employees are required to sign off on the Staff Handbook at the time of onboarding.

## **Due Diligence Processes**

### **Supplier Onboarding**

When onboarding a new supplier, Colemans follows a structured process to ensure seamless integration into its network. This process includes initial contact, submission of key documentation, and thorough evaluation to meet Colemans’ standards. New suppliers are provided with comprehensive information about requirements and expectations. Colemans' team reviews and approves all necessary details before the supplier is integrated into the network. For new product introductions, there is an additional evaluation to ensure alignment with Colemans' quality standards. Throughout this process, Colemans' departments collaborate with the supplier to ensure efficient system integration and operational readiness.

Colemans has never had an experience with child or forced labour issues, and currently, the supplier identification, onboarding process and associated regulatory documents do not include questions specific to the risk of child labour or forced labour. Colemans will include these types of questions in their supplier onboarding process and documents in the future.

## Agreements

The majority of Colemans suppliers are bound by agreements. These agreements must be signed prior to purchasing goods. By signing and adhering to agreement terms, suppliers are required to follow the laws of Canada which includes federal labour standards.

## Onsite Visits

In some instances, members of Colemans' subsidiaries perform onsite visits to key supplier operations to understand processes within supplier networks. These visits strengthen supplier relationships and establish open lines of communication should any issue arise relating to the procurement of Colemans' products. When applicable, Colemans is looking to introduce more consistency in onsite visits to key suppliers.

## Risk Assessment

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A risk assessment of the goods Colemans sources and countries from which the goods are procured from has been performed in relation to the Act. This risk assessment used two separate indices to conclude on inherent risk of forced labour and child labour related to goods and countries — Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labour or Forced Labour.

Colemans understands that many of its vendors purchase goods from foreign countries, and Colemans does not have complete knowledge of where vendors purchase their goods. Colemans is also aware that some of its products, such as furniture items, are highly finished goods built with multiple materials and that each material may contain a different risk profile for supply chain risks.

The majority of Colemans' suppliers are Canadian companies, with the remaining suppliers based in the United States and the United Kingdom. Although there is a risk of forced labour and child labour in every country, Canada, the United States, and the United Kingdom are considered low-risk jurisdictions for child labour forced labour. However, as an entity that sells food, furniture and clothing, Colemans recognizes that these industries constitute a higher potential risk for child labour and forced labour.

Based on the risk assessment conducted, it was identified that there is an initial inherent risk of forced and/or child labour in relation to grocery store products, furniture and clothing industries.

### Grocery Goods Risk Assessment

Through reviews of data from the US Department of Labor, Colemans has identified initial inherent risks of forced labour and/or child labour associated with categories such as baked goods, coffee, fish, flowers, meat, nuts, produce, rice, spices and tea. While there are inherent risks on an international scale associated with these products, Colemans has a number of mitigation strategies in place including a large emphasis on sourcing products locally. For example, Colemans sources fish and seafood from local, Newfoundland and Labrador waters and produces a majority of our baked goods in-house (from scratch).

## Clothing and Furniture Goods Risk Assessment

Through reviews of data from the US Department of Labor, Colemans has identified initial inherent risks of forced labour and/or child labour within clothing and furniture.

## Countries and Industries of Procured Goods

For assessing country associated risks of forced labour and/or child labour, Colemans evaluated all suppliers in fiscal year 2023 based on country of origin and industry. This assessment applied the *Walk Free Global Slavery Index* and the *U.S. Department of Labor List of Goods Produced by Child Labour or Forced Labour*, to conduct a risk assessment on the countries and industries of operations of its vendors.

Colemans and its suppliers operate in the wholesale, retail, textiles and apparel industries, all of which have inherent high risk of child labour and forced labour.

Country of origin analysis leveraged both global benchmarks and assessed the inherent risk of supplier countries. Colemans' suppliers are located in Canada, the United Kingdom and the United States, all of which have a low risk of forced labour and/or child labour. This does not mean that evidence of forced labour or child labour does not exist in our supply chain, but that there is a low inherent risk associated with the majority identified countries of origin.

## Remediation Forced & Child Labour & Vulnerable Family Income Loss

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Colemans is in the process of continuing to review procurement practices to enhance the rigor of their due diligence processes, including raising awareness with suppliers. To date, Colemans has not identified or suspected any instances of forced labour or child labour within their operations or those of their suppliers. Consequently, no remediation measures have been required with respect to forced labour or child labour.

## Awareness Training

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As noted in the Policies & Due Diligence Processes section, Colemans emphasizes values including employee well-being, safety and fair treatment, and incorporates these into its training. Currently, Colemans does not have training in place on the subject of child labour or forced labour. However, of the policies identified above that are relevant to this Act, Colemans does require new employees to review and sign Colemans's Staff Handbook which includes relevant policies and codes of conduct. Part of the process of onboarding new employees includes reviewing the Handbook and its policies to



understand Colemans' standards and expectations. Sections within the Staff Handbook that are relevant to the Act include discrimination and harassment, diversity and inclusion, sustainable growth, and confidentiality and anonymity.

Colemans recognizes the opportunity to enhance employee training relevant to this Act, by incorporating training on forced labour and child labour. Colemans will be evaluating applicable training for staff in the foreseeable future.

## Accessing Effectiveness

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Although Colemans has no formalized procedures that are specific to child labour and forced labour, Colemans does have policies in place that indirectly mitigate the risk of child labour and forced labour. The following mechanisms are in place:

### Colemans Internal Processes

1. **Total harassment incidents:** Colemans has a zero-tolerance for discrimination and harassment. All claims made regarding harassment will be reported to Management. Where an investigation is warranted, Colemans will ensure an unbiased, impartial investigation is conducted.
2. **Conduct and behaviour incidents:** Full compliance with Coleman's Staff Handbook and internal policies is expected of all employees. As a condition of employment, all new employees must sign a Certificate of Acknowledgement, stating that they have read the Staff Handbook and understand that they are required to comply with the outlined conduct and behaviour policies.
3. **Employee training:** Colemans will implement employee training on the topic of child labour and forced labour. Content will include how to identify, assess and report perceived or actual instances of child labour and/or forced labour.

### Supplier Activities

1. **Vendor Approval:** Colemans will implement a clause within the Vendor Approval policy regarding a zero-tolerance for child labour and forced labour. This clause will identify the outcome or disciplinary action should any instances of child labour or forced labour be reported or discovered by Colemans.
2. **Supplier questionnaire:** A phased-in approach will be adopted to have suppliers complete a Supplier Questionnaire which will include specific questions regarding child labour and forced labour. This phased approach will begin with the largest suppliers and continue across the full supply chain within a reasonable time period. For each questionnaire submitted, Colemans will collect responses in a centralized system, to understand how the risk of child labour or forced labour affects suppliers.
3. **Supplier visits:** When performing onsite supplier visits, Colemans will review and interview suppliers based on a revised questionnaire that incorporates questions related to forced labour and child labour. Colemans will keep all questionnaires in a centralized workplace where responses can be updated for each visit. Colemans will track responses to understand what

suppliers are doing to mitigate the risk of child and forced labour.

4. **Supplier performance reviews:** Key suppliers of Colemans will be reviewed on an annual basis to ensure compliance with contract terms and conditions. These reviews will drill deeper than financial results and can serve as an opportunity to review findings from site visits and supplier questionnaires. Record keeping for frequency of reviews and date of last review will be kept on a centralized database to ensure these reviews are being performed.

## Attestation

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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.

**Frank Coleman**

Full Name

Signature

**President**

Title

**May 30, 2024**

Date

I have the authority to bind Coleman Group of Companies Corporation and this report covers financial year 2023 and applies to Coleman Group of Companies Corporation and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of Coleman Group of Companies Corporation if they apply.