



## **FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT FINANCIAL YEAR ENDING APRIL 30<sup>TH</sup>, 2024**

### **INTRODUCTION**

This statement is made pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act. It sets out the policies and steps undertaken by Color Ad Packaging Ltd. (Color Ad) during our fiscal year ending April 30<sup>th</sup>, 2024 to reduce the risk of forced and child labour at any stage of goods production.

Color Ad is a high quality printer and converter, producing packaging goods primarily for the Food and Confections industry.

Color Ad Packaging Ltd. is a privately owned company with Canadian ownership. Color Ad operates two facilities in Winnipeg, Manitoba, Canada.

### **STEPS TAKEN TO PREVENT AND REDUCE THE RISK OF FORCED LABOUR OR CHILD LABOUR**

The majority of the supply chain spend is in the area of raw materials to produce goods for our customers. This would apply to our purchases of Paper, Film, Ink, Solvent and Adhesives.

**Mapping of the Supply Chain** – Color Ad has mapped its supply chain within three “risk” categories.

- Preference Number 1 – Low to Medium Risk Zone – North America
- Preference Number 2 – Medium Risk Zone – Europe
- Preference Number 3 – Medium to High Risk Zone – South America and Indo-Pacific

**Risk Evaluation of Key Vendors** – We have conducted a risk evaluation of 17 of our key vendors, base on the criteria of Labour Practices/Conditions and Adherence to Ethical Standards.

- Low Risk – 14 of our Suppliers are as rated low risk. Factors considered were:
  - o Where sustainability performance and goals are public
  - o Having an Ecovadis or Ecocert performance rating
- Medium Risk – 3 of our Suppliers rated medium risk. Factors considered here are that all 3 Suppliers are material brokers and this can carry additional transparency risk.
- High Risk – None of our Suppliers rated high risk.

**Vendor Code of Conduct** – We have created a Vendor Code of Conduct and circulated to 17 Tier 1 Vendors.

- The Vendor Code of Conduct covers several key requirements including Labour Standards.

- The lead statement requires “Vendors must adhere to fair labour practices, including non-discrimination, fair wages, safe working conditions, and the prohibition of child and forced labour.”
- The Vendor Code of Conduct includes a “Supply Chain Responsibility” statement where “Suppliers may be required to disclose information about their own supply chain, including the sources of their materials and their own supplier code of conduct.”
- The Vendor Code of Conduct is accompanied by a Vendor Questionnaire and Self Assessment.

**Vendor Self Assessment** – 17 Tier 1 Vendors have been requested to complete and provide the self assessment.

- The Vendor Self Assessment has 13 Sections to complete including a Section of Ethical Responsibility.
- Two key assessment questions included are:
  - o *Does your company have policies or programs in place to promote fair labour practices, including but not limited to fair wages, safe working conditions, and non discrimination?*
  - o *For which of the following working conditions and human rights issues does your company have a policy in place?  Child labour and Young Workers  Wages and Benefits  Working hours  Forced or compulsory labour and human trafficking  Freedom of association and collective bargaining  Health and Safety  Harassment  Non-discrimination.*

## **STRUCTURE, ACTIVITIES AND SUPPLY CHAINS**

### **(A) STRUCTURE**

- Color Ad Packaging is a Limited Corporation
- Organizational structure consists of:
  - o Private Ownership – 3 Shareholders
  - o President & Chief Executive Officer reports to Ownership
  - o Chief Operations Officer reports to President & Chief Executive Officer
  - o Controller reports to President & Chief Executive Officer with a reporting line to Ownership
  - o Major Departments are Sales, Operations and Finance.
  - o Plant Manager addresses the day to day operations of the facilities
  - o Number of employees – 246
  - o Organizational Mandate/Goal – Focussed on being a world-class flexible packaging printer and converter, who is passionate about producing printed, flexible packaging that best supports our customer’s brand image in the marketplace. Strongly committed to our corporate social responsibility through programs implemented to support the environment and community and to conducting business in a legal, ethical, and responsible manner, while requiring our Vendors to work at the same high level of standards.

- o Color Ad Packaging operates out of two locations in Winnipeg, Manitoba with Location 1 being the Manufacturing facility and Location 2 being the Print Cylinder Engraving Facility and Warehouse.

## **(B) ACTIVITIES**

- Color Ad receives electronic artwork files from customers and prepares the files for either Flexographic or Rotogravure Printing. Where Flexographic printing is required, Color Ad manufactures polymer plates at the main production plant, Location 1. Where Rotogravure Printing is required Color Ad Engraves Steel Cylinders at Location 2, which is the Engraving Facility.
- Back at the Manufacturing Location 1, Color Ad Prints, Laminates, Hot Foils, Slits, and converts rolls into flat bottom bags or stand up pouches.
- Color Ad produces goods for sale in the form of printed roll stock, bags or pouches.
- Goods produced by Color Ad are shipped primarily to the United States, Canada and Mexico.
- Color Ad produces and sells an annual average of 471,000,000 units.
- In the production of the goods produced Color Ad imports raw materials and machine parts primarily from Europe and the United States.

## **(C) SUPPLY CHAINS**

- General supplies, consumables, tools and parts are purchased in Canada or the United States.
- Equipment parts for Presses, and converting equipment are purchased from the original equipment manufacturers in Europe or the United States. Color Ad does order parts on occasion from China for two of its converting machines and for its Engraving Equipment.
- Raw Materials are the major components for our Supply Chain sourcing.
  - o Ink – United States
  - o Solvent – United States
  - o Adhesives – United States
  - o Film – United States mostly, then Canada and India
  - o Paper – United States mostly, and Spain.
- Color Ad purchases materials either directly from the manufacturer or through known Brokers, who disclose the source and location of the products they sell us.
- We work with 3 Brokers, one in Canada and two in the United States. We do not purchase products from sources unknown and reserve the right to visit any facility that provides materials for our use in production.

## **POLICIES AND DUE DILIGENCE PROCESSES**

Creating and maintaining an ethical supply chain is a high priority for Color Ad. We are fortunate to have long-term relationships with the vast majority of our vendors, which gives us a high level of trust and commitment in regards to ethical practices.

Mapping out our supply chain and the creation of the Vendor Code of Conduct, shared with Vendors, and to which vendors must comply as well as the Vendor self-assessment have been a major initiative in our due diligence.

Vendors are also requested to provide their Code of Conduct for our records.

### **FORCED LABOUR AND CHILD LABOUR RISKS**

- **Risks within Color Ad's own activities.** We have considered the extent to which we may contribute to, or cause child forced labour in our own activities. Given the controls we have in place for our own operations in Manitoba, we see no risk. We do however recognize that relevant risk exposures potentially reside in our supply chain.
- **Risks in the activities of direct or indirect vendors.** Recognizing that the further away we are geographically from vendors and with any potential supply coming from areas with a prevalence of human rights/force labour violations has caused us to build due diligence pro-active tools. Our Vendor Code of Conduct requires that *"Vendors must adhere to fair labour practices, including non-discrimination, fair wages, safe working conditions, and the prohibition of child and forced labour."*
- Whether we are working with direct or indirect vendors, Color Ad always reserves the right to visit any potential vendor to validate their qualification. Failure to allow such a visit would disqualify a present or potential Vendor.
- **Identified Risks Note 1.** It should be noted that our efforts to date have focussed only on the Tier 1 Raw Material Providers, which accounts for 73% our supply chain spend and not the Tier 2 and Tier 3 where there may exist a potential risk.
- **Identified Risks Note 2.** Efforts to date have focussed on Raw Material Vendors which has not yet included Service Providers where there exists a potential risk.

### **REMEDATION MEASURES**

No actions have been required or taken to remediate forced labour or child labour in our activities or supply chains.

### **REMEDATION OF LOSS OF INCOME**

No actions have been required or taken to remediate lost income.

### **TRAINING**

- **Direct Training** – Direct training has taken place for the Chief Operations Officer, Procurement Manager, Buyer and Human Resources Manager.
- Training was mandatory and covered forced labour and child labour.

- Training material was developed by an outside organization consisting of a legal overview webinar with a question and answer period and a printed overview of the reporting requirements.
- **Awareness Training** – General awareness training has been done at department meetings and is now part of the new hire orientation program.
- 217 staff have received general awareness training as part of the Color Ad Code of Conduct Review.
- All staff will receive specific awareness training referencing the our Code of Conduct and the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

### **ASSESSING EFFECTIVENESS**

- In the past year we have raised the awareness of forced labour and child labour in our culture.
- We have mapped out our Tier 1 supply chain and identified areas of potential risk.
- We have recognized the risks associated in dealing with manufacturers directly and brokers.
- We have developed and circulated a Code of Conduct for Vendors requiring adherence to no forced labour or child labour.
- We have developed and circulated a Vendor Self-Assessment list to be returned for our records.
- We have created a database of our Tier 1 vendors, where we have access to their own Codes of Conduct and Self Assessments.

We have been audited by ECOVADIS and achieved a Bronze Status on our overall scoring for Environment, Labour and Human Rights, Ethics and Sustainable Procurement.

As part of our FSC (Forest Stewardship Council) Certification we comply with Core Labour requirements specified in standard FSC-STD- 40-004-V3-1.

**BOARD APPROVAL**

The attached report of the "Fighting Against Forced Labour and Child Labour in Supply Chains Act, S. C. 2023, c.9, Section 4(a)" representing Color Ad Packaging Ltd.'s activities for our Fiscal Year ending April 30<sup>th</sup>, 2024 is hereby approved.

We further authorize Chip Batten, Color Ad Packaging's President and Chief Executive Officer to execute and deliver the attestation as noted below.

Signed this 17<sup>th</sup> day of May, 2024



\_\_\_\_\_  
Brigette Chang

\_\_\_\_\_  
Andrew Chang

**ATTESTATION**

In accordance with the requirements of the Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity 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 Supply Chains Act, for the reporting year listed above.

\_\_\_\_\_  
Chip Batten

President and Chief Executive Officer

May , 2024

I have the authority to bind Color Ad Packaging Ltd.

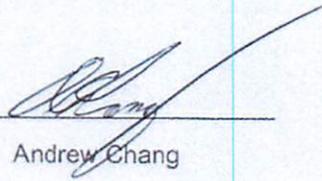
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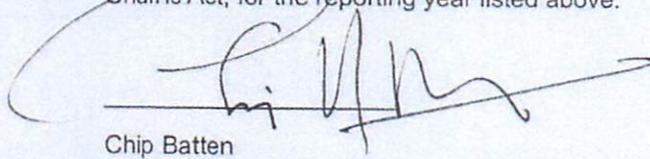
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May 17<sup>th</sup>, 2024

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