



## Forced and Child Labor in Canadian Supply Chains

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## Introduction

This report has been prepared by David Chapman's Ice Cream Limited ("Chapman's") (Business Number: 101284495) in compliance with Section 11 of Bill S-211 for the financial year ending December 31, 2023. Chapman's meets the definition of Entity under the Act as we have a place of business in Canada, do business in Canada and meet the threshold for assets, employees, and revenue. Chapman's also meets the definition of Reporting Entity as we sell goods inside and outside of Canada and import into Canada goods produced outside of Canada.

We unequivocally condemn the use of forced or child labour within our organization and throughout our supply chain. We recognize the grave impact these practices have on individuals and communities, and are resolute in our commitment to preventing, identifying, and addressing any instances within our sphere of influence. In accordance with Bill S-211, this report outlines our efforts to mitigate risks associated with forced and child labour in our operations.

## Section A: Structure, Activities, and Supply Chains

Founded in 1973, Chapman's is a prominent ice cream manufacturer based in Markdale, Ontario, Canada. With a rich history spanning over five decades, we have become a national leader in the ice cream industry. Our commitment to quality and innovation has enabled us to carve a significant presence in the Canadian market. Chapman's employs a dedicated team averaging 750 employees who contribute to the production and distribution of our delicious ice cream products nationwide. As a testament to our success, we continue to delight customers with a diverse range of flavors, maintaining a strong position as a trusted and beloved brand across Canada.

Chapman's is a member of the International Ice Cream Consortium (IICC), an association of independent Ice Cream manufacturers including 14 leading ice cream market companies from Europe, the Middle East, Americas, and Asia Pacific. Through this consortium, Chapman's maintains robust and enduring relationships with an extensive network of approximately 450 active vendors, who play a vital role in supporting our day-to-day operations. Our supply chain network extends globally, allowing us to source high-quality raw materials, components, and services that support our manufacturing processes and meet customer needs. Through strategic partnerships and efficient logistics, we ensure a streamlined supply chain that enables us to deliver exceptional products while upholding our commitment to quality, reliability, and sustainability.

Chapman's operates in the following sectors, sub-sectors and related industry groups as defined by The North American Industry Classification System (NAICS) Canada 2022 Version 1.0:

- (41) Wholesale trade
  - (413) Food, beverage, and tobacco merchant wholesalers
    - (4131) Food merchant wholesalers
- (31-33) Manufacturing
  - (311) Food manufacturing

- (3115) Dairy product manufacturing
  - (31152) Ice cream and frozen dessert manufacturing

An ice cream manufacturer's operation involves designing flavors and formulations, engineering efficient production processes, and sourcing high-quality dairy products, sweeteners, and flavorings from reliable suppliers. Rigorous quality control ensures the freshness, taste, and safety of the ice cream, with batch optimization and production planning to meet demand. Manufacturing processes include mixing, pasteurization, homogenization, freezing, inclusion of add-ins, and packaging. Effective supply chain management ensures timely delivery of ingredients and packaging materials, while logistics and distribution manage cold chain transportation and storage. Maintenance of equipment, adherence to food safety regulations, and continuous improvement efforts in flavors and production efficiency are essential for success.

### Chapman's Commitment to Sustainability

At Chapman's, we're committed to making ice cream in a sustainable way and work hard to continuously improve our technology to minimize environmental impact.

Eco-friendly packaging: We use paper-based packaging that is Sustainable Forestry Initiative (SFI) certified, and ensure pulp used to produce our ice cream tubs is sustainably sourced, with careful consideration given to preserving biodiversity, maintaining wildlife habitat, and protecting water quality. SFI is an independent non-profit organization dedicated to promoting sustainable forest management in the United States and Canada. It is responsible for maintaining the SFI program, launched in 1994 and includes the certification standard, which became a national standard backed by third-party audits in 1998.

Sustainable wooden sticks: We use sustainably sourced beech wood sticks for all ice cream novelties which are produced as part of the Smart Wood Initiative. All raw materials come from wood that is Programme for Endorsement of Forest Certification (PEFC) or Forest Stewardship Council (FSC) certified. PEFC is a leading global alliance of national forest certification systems. As an international non-profit, non-governmental organization, it is dedicated to promoting sustainable forest management through independent third-party certification. PEFC certification ensures that forest-based products are produced with respect to the highest ecological, social, and ethical standards. FSC certification provides assurance that the material or product comes from verified and responsible sources that have met FSC's strict environmental and social requirements.

Sustainable palm oil: We source palm oil from Roundtable on Sustainable Palm Oil (RSPO) certified suppliers. RSPO is a voluntary, global membership organization that partners with stakeholders from the seven sectors of the palm oil industry to develop and implement global standards for production and procurement of sustainable palm oil. RSPO standards provide the aims, objectives and mandatory requirements for the production and procurement of RSPO Certified Sustainable Palm Oil (CSPO).

Energy conservation: In 2014, we became an active participant in Ontario's Industrial Conservation Initiative (ICI) also known as the Class A Global Adjustment. This initiative encourages large industrial energy consumers to curtail their energy consumption during periods of peak demand. The ICI program reduces costs pressures on the province's electricity system.

## **Section B: Policies and Due Diligence Processes**

For the reporting period, Chapman's had no policy, procedure or due diligence practice that had express language addressing forced or child labour in our supply chain and activities. We are currently evaluating what additional processes, procedures or training would be appropriate to implement. As it relates to hiring, our hiring process is conducted in strict compliance with Canadian employment laws. In accordance with these regulations, we established a minimum age requirement of 16 years for all employment positions. This policy ensures that our recruitment practices adhere to legal standards and provide a safe and lawful work environment for all employees.

### **Employee Code of Conduct**

We have a robust Code of Conduct that employees and our representatives are expected to abide by. This includes treating others with respect, respecting company property, working in a safe manner and committing to a harassment and violence-free workplace. Chapman's is committed to preserving a safe working environment for its employees. In pursuit of this goal, we do not condone and will not tolerate acts of harassment and/or violence against any Chapman's employee. We take every reasonable precaution and implement measures to prevent harassment and violence and protect all employees from potential situations. As part of the Code of Conduct employees are expected to follow company rules and policies. The Code of Conduct includes policies on: Harassment and Violence in the Workplace and its Employee Handbook outlines its commitment to the Ontario Human Rights Code (RSO 1990) which prohibits harassment and discrimination in employment on the basis of age, ancestry, colour, race, citizenship, ethnic or place of origin, creed (including religion), disability, family or marital status, gender identity, gender expression, record of offences, sex and/or sexual orientation.

### **Commitment to Health and Safety**

Chapman's is committed to maintaining the highest standards of safety within our operational and logistical environments. Our Health and Safety Policy applies to all visitors, suppliers, and contractors. It is everyone's responsibility to ensure all safety policies and procedures are followed. Every employee is entitled to and has a legal obligation to ensure their own safety and the safety of others. This responsibility can only be fulfilled through continuous efforts to promote and ensure safe work practices. Any instances of unsafe acts, conditions, or near misses must be promptly reported to a supervisor or to the Joint Health & Safety Committee. This committee, comprising both employee and management representatives, is tasked with monitoring and enhancing our health and safety program, providing leadership, and fostering improved communication regarding health and safety matters.

## Supplier Code of Conduct

In addition to our Employee Code of Conduct that manages risks within our own operations, we plan to enhance our existing supplier approval process and formally document a Supplier Code of Conduct that will include language related to procurement and sourcing free from the use of forced or child labour. As part of this process, approved suppliers must demonstrate and maintain compliance with this Code as a prerequisite for partnership with Chapman's. This meticulous approach underscores our commitment to upholding the highest standards of integrity, transparency, and ethical conduct throughout our business ecosystem. The Supplier Code of Conduct will address several topics, including:

- **Ethical Business Practices:** Suppliers must conduct themselves with integrity, honesty, and transparency in all interactions with Chapman's. This includes avoiding conflicts of interest, complying with all relevant laws and regulations, and refraining from engaging in bribery or corruption.
- **Labor and Human Rights:** We prioritize the rights and well-being of workers in our supply chain. Suppliers must provide fair wages, reasonable working hours, safe working conditions, and respect the fundamental rights of their employees. Most importantly, suppliers must unequivocally prohibit any form of forced labor and/or child labor and attest to this in writing.
- **Workplace Safety:** Suppliers will be required to ensure safe working conditions by maintaining hazard-free workplaces, which include clean facilities, adequate lighting, ventilation, and ergonomic setups. They must also provide comprehensive safety training, hazard recognition education, and proper personal protective equipment (PPE) usage. Addressing occupational health concerns involves regular assessments, monitoring of harmful exposures, access to medical services, and preventive measures.

## Supplier Approval and Onboarding Process

### Ingredients Suppliers

All new ingredients suppliers are required to meet certain standards to obtain approved supplier status. This includes but is not limited to providing the following information for ingredients: specifications of all ingredients, country of origin, storage conditions, proof of a third-party food safety audit or certification if GFSI certification is not available, then details on the supplier's traceability and recall program must be provided; allergen control programs, explanation of lot coding system and more. Chapman's also requires written notification of any formulation change impacting ingredient listings.

### Sustainable Palm Oil Policy

All approved ingredients suppliers are expected to declare if palm is present in the ingredient listing for materials purchased and that it is from a sustainable source.

## Packaging Suppliers

All new packaging suppliers are required to also meet certain standards to obtain approved supplier status. This includes but is not limited to providing the following information related to packaging materials: specifications for all materials provided, a certificate of conformance or a letter to acknowledge materials provided are suitable for intended use, food safety information regarding the site of manufacture, storage and transport conditions including GMPs, allergen control, traceability, and explanation of lot coding system.

## Letter of Guarantee

All approved ingredients and packaging suppliers must also provide written acknowledgement of the Continuing Letter of Guarantee or equivalent documentation (in the event their documentation is required to maintain compliance) to ensure and maintain the quality demanded by Chapman's. For suppliers this includes but is not limited to:

- Ensuring all deliveries of materials conform to the requirements of the Canadian Food and Drug Act and all other applicable laws,
- Ensuring all materials sold to Chapman's meet the agreed upon specification, be of good quality and be prepared and packaged in accordance with good manufacturing practice guidelines under strictly sanitary conditions,
- That all analytical testing for specifications of materials shipped to Chapman's be conducted by an approved testing methodology,
- That the supplier has an effective allergen control program to prevent any possibility of cross-contamination with allergens,
- That all materials provided will be stored and transported under conditions which preclude chemical, physical, microbiological and insect contamination; suppliers are expected to have a glass policy in effect to eliminate and reduce the possibility of glass contamination and any carrier transporting food materials for Chapman's must never carry glass materials or toxic materials in any form,
- All bulk carriers must demonstrate adequate cleaning and sanitation program, available upon request and,
- All products and carriers will be inspected for conformance.

We are in the process of updating our Letter of Guarantee for all approved suppliers to include language that ensures no forced or child labour is used in procurement or sourcing activities.

## Section C: Forced Labour and Child Labour Risks

For the reporting year, Chapman's carried out a risk assessment to understand where in our supply chain forced or child labour risks may exist. As part of our assessment, we referenced the Walk Free Global Slavery Index to determine jurisdictional risk and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor to determine if there were any at-risk product categories to establish a baseline to enhance our existing risk management practices.

We acknowledge that no industry is entirely free from the risks of forced and child labour and that certain sectors of our supply chain may have inherent vulnerabilities.

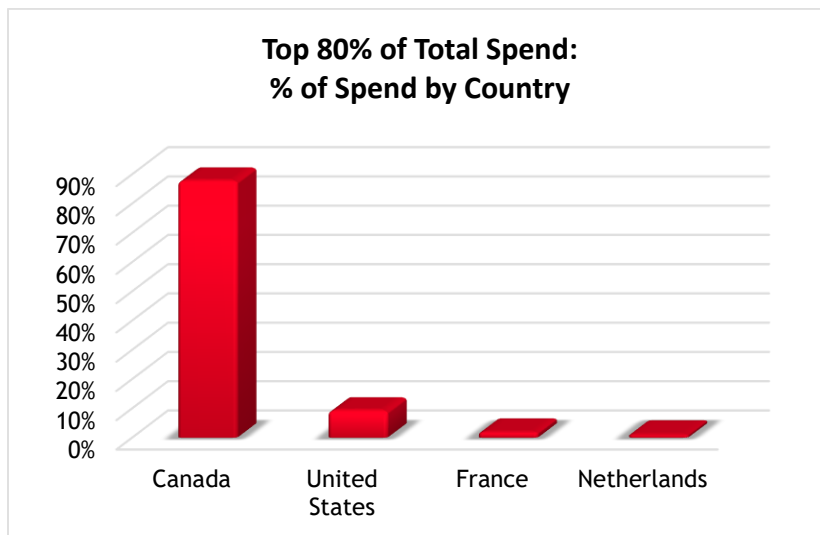
## Risk Assessment Findings

We analyzed suppliers comprising of the top 80% of our annual spend with 87.8% of supplier spend attributed to Canada, 1.89% of spend attributed to France and 1.05% of spend attributed to the Netherlands, all countries with low prevalence of risk of forced or child labour. While 9.3% of spend was associated with the United States which has a medium prevalence of risk of forced or child labour, according to the Walk Free Global Slavery Index.

As part of our risk assessment, we also utilized data from the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor to isolate specific goods within our imported goods portfolio that may be susceptible to forced or child labor risk.

No products were identified within our top 80% of supplier spend, indicating that our overall exposure to forced or child labor risks within our supply chain is low in relation to total expenditure. Nevertheless, this low overall risk does not diminish our commitment to enhancing our risk management procedures and policies to ensure no forced or child labour is used in our supply chain or operations.

Chapman’s is currently evaluating the remaining 20% of vendor spend to further identify any potential jurisdictional or product risk and will take appropriate action if identified.



## Section D: Remediation Measures

For this reporting period, our risk assessment findings found no incidence of forced or child labor within our operations or those of our suppliers, therefore, no remediation or corrective action was required.



Consistent with the United Nations Guiding Principles on Business and Human Rights, we understand the critical need to have effective remedial strategies in place for potential future occurrences. We are currently reviewing and evaluating what remediation measures and policy enhancements will be required going forward.

Future remediation procedures would include:

- **Immediate Intervention and Corrective Measures:** In the event that any instance of forced or child labour is discovered either in our direct operations or in our supply chain, immediate steps will be undertaken. This will involve direct engagement with the impacted parties to gauge the effects and formulate suitable remedial actions. Such remedies might include: monetary restitution, assistance in securing alternative employment, and access to educational and health services.
- **Supplier Collaboration:** Given the intricacies involved in managing supply chains, we are dedicated to working in partnership with our suppliers to guarantee the thorough application of remedial actions. This cooperation may extend to offering training, guidance, and additional support to our suppliers.
- **Policy Evaluation and Enhancement:** Should any forced or child labor be detected, it will trigger a thorough assessment of our relevant policies and procedures. The objective of this review is to draw insights and make the necessary modifications to ensure our preventative strategies are both effective and progressively refined based on our experiences.
- **Communication with Stakeholders:** Reflecting our commitment to transparency and accountability, we will report on our remediation efforts and their results to relevant stakeholders, while respecting privacy and confidentiality agreements.

## Section E: Remediation of Loss of Income

For this reporting period, our risk assessment findings found no incidence of forced or child labor within our operations or those of our suppliers, and as such, no remediation of loss of income was required. Chapman's acknowledges the necessity of being ready to act swiftly and decisively if such issues emerge in the future. Accordingly, we are currently enhancing our initial response strategies for remediation, as detailed in Section D. Should our actions to eradicate forced or child labour potentially lead to a loss of income for vulnerable families, we are committed to implementing effective remediation strategies. Our approach emphasizes engagement over withdrawal, underscoring our commitment to use our influence for a positive impact.

## Section F: Training

For the reporting period, Chapman's did not conduct or deliver any specialized training on the detection and mitigation of forced or child labour within our supply chain to our workforce.

Recognizing the vital importance of such educational efforts, we are developing a detailed training program scheduled for launch in 2024. This program will be compulsory for all employees involved in Purchasing and Quality Assurance, critical roles for ensuring the integrity of our supply chains. The objectives of the training program are as follows:

- **Awareness Building:** The program aims to educate our staff about the definitions and indicators of forced and child labor, incorporating knowledge of both local and international legal frameworks that regulate labor practices, and the responsibilities businesses have under these laws.
- **Skills Development:** It will prepare our employees with hands-on skills to identify potential risks and breaches in our supply chain. Training will include how to conduct thorough audits, assess supplier compliance, and spot subtle indications of unethical labor practices.
- **Response Strategies:** The training will establish clear protocols for responding to detected issues, including reporting mechanisms within our company structure, engaging with suppliers for remedial actions, and collaborating with external organizations when needed.

By initiating this training program, we are committed to bolstering the capabilities of our Supply Chain teams, ensuring they are not only cognizant of forced and child labour issues but also adept at addressing them effectively. This initiative is part of our broader commitment to uphold ethical business practices and corporate responsibility.

## Section G: Assessing Effectiveness

For the reporting period, Chapman's was not able to evaluate effectiveness given there were gaps in specific policies or processes related to forced or child labour in our supply chain and operations.

While we acknowledge this absence in being able to measure effectiveness, we are committed to developing and enhancing our policies and processes concerning forced and child labour within the upcoming year. We will enhance our supplier screening processes, establishing a baseline risk profile for each supplier to quickly identify any activities that may contravene our new Supplier Code of Conduct. Should such issues arise, we will engage in constructive discussions with that supplier to address concerns and implement the necessary corrective actions. Our tracking system will be meticulously maintained to monitor any issue from identification through to resolution.

Furthermore, we are dedicated to regularly reviewing our policies and procedures related to forced and child labour to ensure they are in alignment with international standards, legal requirements, and best practices. Going forward, a Review Committee will be established with cross-functional stakeholders from our Human Resources, Purchasing and Quality Assurance teams who will participate in the annual review of our policies and procedures to support continuous improvement. Lastly, we will proactively collaborate with our suppliers to measure the effectiveness of their efforts in combating forced and child labour. This includes tracking relevant performance indicators to evaluate progress and identify areas needing improvement. By working closely with our suppliers and monitoring key metrics, we aim to enhance transparency, accountability, and ethical practices across our supply chain.

## Attestation

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.

Ashley Chapman

Full Name

Chief Operating Officer

Title

May 29th 2024

Date

Signature\*



"I have the authority to bind David Chapman's Ice Cream Limited."