



## 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 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.

<u>Scott Emerson</u>	<u>Scott Emerson</u>
<b>Full Name</b>	<b>Signature</b>
<u>CEO &amp; President</u>	<u>5/31/24</u>
<b>Title</b>	<b>Date</b>

I have the authority to bind M.C.P McCaughey Consumer Products Management Inc.



# M.C.P. McCaughey Consumer Products Management Inc.

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Forced Labour and Child Labour in Supply Chains Company  
Assessment



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## Introduction

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This report is M.C.P McCaughey Consumer Products Management Inc. ("MCP" or "Entity") 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).

MCP 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.

The financial reporting year of MCP covered by this report is for the year ending December 31, 2023.

## Structure, Activities & Supply Chain

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### Structure

MCP (business number 893703587) operates within the industry of wholesale trade, and is located at in Burlington, ON. MCP has 52 full-time employees. MCP provides Sales, brand management, inventory management and order to cash solutions to Brand owners residing outside of Canada. MCP procures product from our clients for resale within Canada.

### Activities

MCP imports and distributes goods to Canadian retailers focusing on offering products in the categories of Over the Counter Drugs (OTC) which includes Registered Drug (DIN) and Natural Health Products (NHP), Health and Beauty, and Cosmetics.

### Supply Chain

As noted above, MCP imports and distributes products in 3 main categories - OTC, Health and Beauty and Cosmetics. MCP procures brands such as Breathe Right, Dr. Scholl's, Dr. Teal's, Finesse, Glaxal, Panoxyl, Plan B and Salonpas.

Within these categories, over 60% of our total products are procured in the US and Canada, 25% are imported from China. The remaining balance of products are procured from Columbia, Japan, Mexico, South Korea, Taiwan, Thailand, Turkey, Switzerland and UAE.

For the purposes of describing MCP's supply chain, suppliers who account for 95% of the total procurement activity during the fiscal year were reviewed. MCP does not have visibility into its supply chain beyond first-tier suppliers therefore has focused this review on direct suppliers.



## Policies & Due Diligence Processes

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MCP has the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and their supply chain:

### Current policies

MCP has a **Corporate Social Policy, Occupational Health and Safety Policy, Workplace Harassment and Sexual Harassment Policy, Workplace Violence Policy and Quality agreements** with OTC clients.

MCP has a **Corporate Social Policy** and are committed to ensuring that any business undertakings are conducted as ethically as possibly per the policy. MCP is committed to the well-being and continual development of our people, and cultivate and sustain a workplace where employees are appreciated and valued. Employees are expected to act with integrity towards on another and exercise a high standard of business practice and workmanship. We support diversity, fairness and equal opportunity. We aim to involve and consult regularly with employees as to the direction of the business.

MCP's aim is to choose suppliers and clients who share our ethos in relation to employment practices, quality and environmental controls. We have a vetting processes in place to ensure we engage with companies and/or individuals committed to maintaining best practices.

This process includes gathering supplier information regarding product safety, organizational structure, and business continuity to help us make decisions for good business resiliency and relationships . This due diligence allows us to make informed decisions about clients and suppliers we choose to partner with.

We recognize and understand the significance of the local community within which we operate. We contribute by donating product/inventory or financial support to community programs.

MCP has an **Occupational Health and Safety Policy**. At MCP, we are committed to providing a safe and healthy work environment for all employees, contractors, clients, vendors, visitors, and any other individuals affected by our operations. We recognize that the well-being of our workforce is essential to the success of our organization. We developed our Occupational Health and Safety Policy to outline our commitment to maintaining a culture of safety, preventing workplace accidents and injuries, and complying with all relevant legislation and regulations in the province of Ontario.



Management at all levels of the organization is responsible for ensuring that health and safety objectives are established, communicated, and integrated into all aspects of our operations. This includes providing the necessary resources, training, and support to enable employees to work safely. Employees have been sent the policy for review and a copy of this policy is visually posted in the office for reference. Employees are expected to comply with the policy and their responsibilities are outlined within it.

MCP is committed to identifying workplace hazards, assessing risks, and implementing appropriate control measures to eliminate or minimize risks to the health and safety of our workforce. This includes regular workplace inspections, hazard assessments, and consultation with employees to identify potential hazards and implement control measures.

All workplace incidents, injuries, near misses, and hazardous conditions must be promptly reported to their manager, supervisor, or any member of the JHSC. We will investigate all incidents to determine the root causes, implement corrective actions, and prevent similar incidents from occurring in the future.

We are committed to regularly reviewing and evaluating our occupational health and safety program to ensure its effectiveness.

We comply with all applicable occupational health and safety legislation, regulations, and codes of practice in the province of Ontario. Our policies and procedures will be regularly reviewed and updated to ensure ongoing compliance with the changing legal requirements.

MCP maintains open lines of communication with employees, contractors, and other stakeholders regarding health and safety matters. We will encourage employee participation and consult with employees on health and safety issues to foster a collaborative approach to maintaining a safe work environment.

This Occupational Health and Safety Policy will be reviewed at least annually or whenever significant changes occur in our operations, legislation, or best practices. The policy is communicated to all employees and made readily available to interested parties.



MCP has a **Workplace Harassment and Sexual Harassment Policy** and are committed to fostering a workplace environment that is free from all forms of harassment, including sexual harassment. We believe that every employee deserves to work in a respectful and inclusive environment where their dignity and rights are protected.

MCP strictly prohibits all forms of workplace harassment and sexual harassment. Harassment includes, but is not limited to, verbal, non-verbal, physical, visual, or written conduct that creates an intimidating, hostile, or offensive work environment for an individual or interferes with their work performance.

If an employee believes they have experienced or witnessed workplace harassment or sexual harassment, they are encouraged to report the incident immediately to their immediate supervisor, manager, who will in turn report the incident to the Chief Financial Officer or the employee may report directly to the Chief Financial Officer or the President depending on hierarchy of the harasser. MCP has an investigation process and consequences of the harassment will be subject to disciplinary action. MCP's policy includes a non-retaliation clause and treats such retaliation as a serious violation of the policy.

MCP has a **Workplace Violence Policy** and is committed providing a safe and secure work environment for all employees, contractors, clients, vendors, and visitors. We recognize that workplace violence is unacceptable and will not be tolerated in any form. Workplace violence refers to any act or threat of physical violence, intimidation, harassment, or any other conduct that creates a hostile or unsafe work environment with examples specifically defined for reference within the policy. Reporting procedures, investigation, disciplinary actions and confidentiality are also defined within the policy.

Suppliers with OTC (DIN, NHP) and Medical Devices provide GMP evidence for their Contract Manufacturers as required by Health Canada issuance of our licences to import. MCP has **Quality Agreements** with these suppliers outlining roles and responsibilities with licensable activities.

MCP has longstanding relationships with their clients and frequent communication on the items we are procuring from them.



# Supply Chain Risk Assessment

A risk assessment over MCP's industry of operation, goods procured and countries goods are procured from has been performed over material direct suppliers. For the purposes of this report, material suppliers are those who account for at least 1% or more of MCP's total procurement spend during the 2023 fiscal year.

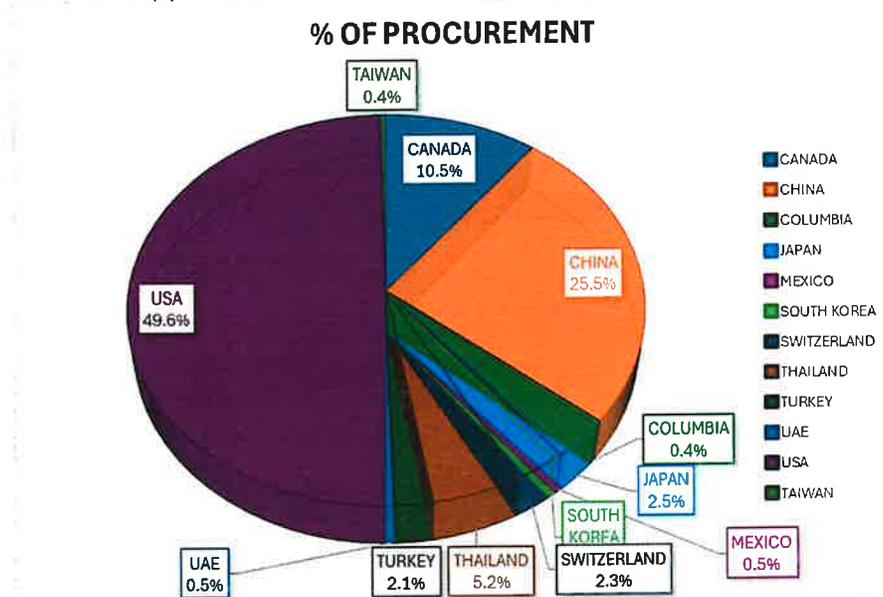
This risk assessment used two separate indices to conclude on the inherent risk of child and/or forced labour related to goods and countries - Walk Free's Global Slavery Index and the US Department of Labour's List of Goods Produced by Child Labour or Forced Labour.

## Industry of Operations

MCP operates within the Consumer Packaged Good industry. Based on the two indices referenced above, this industry does not have an inherent risk exposure to child labour and/or forced labour.

## Countries' Goods are Procured From

MCP has limited responsibility beyond its direct suppliers who may contract out manufacturing to various countries. MCP does have visibility into the country where purchased products are procured from. Therefore, this risk assessment is based on a combined approach using the location of direct suppliers, and the country of where goods are procured from.



Based on the findings of the two indices, China, Mexico, Taiwan, Turkey and Thailand has been



identified as a country with an inherent risk of exposure to child labour and forced labour.

Both Canada and the United States were identified in the indices as having a lower inherent risk exposure to child labour and/or forced labour.

60% of our imports are procured in the US and Canada. 25% are imported from China, the remainder are coming from Columbia, Japan, Mexico, South Korea, Switzerland, Taiwan, Thailand, Turkey, and UAE – see figure 1 above for breakdown of procurement by country.

### **Goods Procured**

The categories of goods that MCP procures are OTC, Health and Beauty and Cosmetics. A risk assessment of goods within these categories has been conducted and identified an initial inherent risk of forced and/or child labour among hair products and soap.

All other remaining goods were not identified within the two indices, therefore concluding a low-inherent risk exists.

## **Remediation of Forced & Child Labour**

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To mitigate the risk of child labour and forced labour within supply chains, MCP has identified the opportunity to develop and enhance existing due diligence mechanisms in relation to this Act.

MCP understands the value of discussing these risks with employees and vendors. These conversations will continue to bring awareness to this issue in an effort to remediate the risk within their activities and supply chains.

## **Remediation of Vulnerable Family Income Loss**

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MCP is in the process of understanding and evaluating their supply chains related to the risk of child labour and forced labour. To date, MCP has not identified instances of the use of child labour or forced labour within its operations or those of suppliers. MCP will continue to review its procurement practices to enhance the rigor of due diligence processes including raising awareness with its suppliers.



## Awareness Training

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MCP is committed to providing regular training and education to all employees regarding our policies. This will ensure that all employees are aware of their rights, responsibilities, and the expectations of the company in maintaining a respectful, safe and healthy work environment.

All employees will receive regular training and information on all policies to ensure a comprehensive understanding of its content and importance. Additionally, the company will promote awareness campaigns to prevent incidences and foster a respectful and inclusive work environment.

We have identified there is an opportunity to enhance our training and education programs to our employees to ensure that employees are aware of their health and safety rights and responsibilities, as well as the hazards associated with their work. Training will be provided to employees upon hire, whenever new hazards are introduced, and on an ongoing basis as required. As part of this enhancement we will also include training and awareness of Forced and/or Child labour in accordance with the Act.

## Assessing Effectiveness

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To track MCP's effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

1. **Policy Review:** All policies are reviewed regularly by MCP Executive team to ensure its effectiveness and relevance. MCP Executive Team reviews policies annually and discusses requirements for updates for effectiveness and relevancy.
2. **Incident Reporting:** Incident reporting regarding health and safety, harassment and sexual harassment and workplace violence are reviewed by MCP Chief Financial Officer and President immediately upon receipt.



## Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

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MCP has taken the following steps to prevent and reduce the risk of child labour or forced labour within their activities and supply chain:

1. Mapping activities: As part of this report, MCP has mapped its activities to complete a risk assessment to align with the Act.
2. Mapping supply chains: As part of this report, MCP has have mapped its supply chains to complete an initial risk assessment to align with the Act.
3. Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: As part of this report, MCP has identified risks within its activities and supply chains that have inherent risks of child labour and/or forced labour.
4. Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: An external assessment of MCP's supply chain has been performed, to align with this Act.
5. Developing and implementing training and awareness materials on forced labour and/or child labour: The Entities have identified the opportunity to implement training content related to this Act for members.