



ND Graphics Inc.

Forced Labour and Child Labour in Supply Chains Company
Assessment

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Introduction

This report is ND Graphics Inc. ("ND Graphics")'s 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). ND Graphics is committed to the protection of human rights in all its business practices and operations. This includes the prevention of modern slavery, forced labour, and child labour in both our internal business practices and supply chain operations.

ND Graphics 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 ND Graphics covered by this report is October 1, 2022, to September 30, 2023.

Structure, Activities & Supply Chain

Structure

ND Graphics was founded in 1972 and is a leading distributor in Canada for the sign, display, and wide-format industries. The company operates as a private corporation with 12 registered locations across Canada.

Activities

ND Graphics operates within the sign and imaging markets, distributing materials and supplies, equipment, and software to customers.

157 total employees work for ND Graphics across different locations within Canada. Figure 1 illustrates the distribution of ND Graphics' employees across various locations.



Figure 1. Number of Employees by Location

Supply Chain

ND Graphics’ main product categories are digital materials, edge materials and foils, equipment, heat transfer materials, inks, paint, protective films, service parts, supplies, tapes and adhesives, and vinyl.

See Figure 1 for a breakdown of procurement per country. Note that this analysis was performed on material suppliers, who, for the purposes of this report, account for at least one percent (1%) of ND Graphics’ total procurement spending over the 2023 fiscal year.

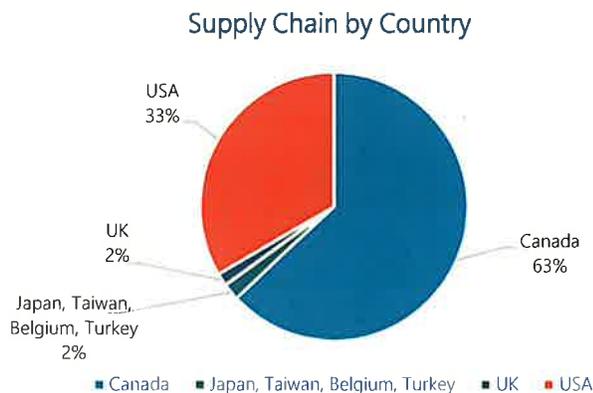


Figure 2. Supply Chain by Country

Policies & Due Diligence Processes

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

Internal Policies

Policy	Description	Support in Mitigating the Risks of Forced Labour and Child Labour
Health and Safety	ND Graphics is committed to protecting workers’ health and safety and will take all reasonable steps to prevent personal injury and to maintain workplace health and safety.	By prioritizing health and safety, ND Graphics ensures employees have a secure workplace environment. In such an environment, the risk of exploitation, including forced labour and child labour, is minimized. In addition, emphasizing health and safety also demonstrates broader organizational values, ethical conduct, and transparency within the organization. This transparency can extend to labour practices, making identifying and addressing any instances of forced labour or child labour easier.
Workplace Violence and Harassment	ND Graphics is committed to the prevention of workplace violence and harassment. We will take every	ND Graphics has an open-door policy, and employees are encouraged to discuss any concerns with the HR Manager. Should a harassment incident arise, employees are

reasonable step to protect workers from workplace violence or harassment by or against management, employees, clients, independent contractors, and anyone who has a relationship with us. Workplace violence and harassment will not be tolerated from anyone, and such actions are considered a serious offense for which immediate action will be taken. For transparency purposes, the policy defines the terms "workplace violence" and "harassment".

encouraged to report it to Human Resources and/or the leaders at ND Graphics. Once a complaint is received, ND Graphics will review and investigate it in a fair and timely manner. At the conclusion of any investigation conducted, ND Graphics will take the action deemed appropriate, which may include disciplinary action up to and including termination of employment for cause.

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 ND Graphics who then would tend to the resolution efforts.

To reflect acknowledgment and agreement, employees are required to sign off on the identified policies at the time of onboarding.

Due Diligence Processes

Supplier Selection

Our current method for selecting vendors relies on carefully identifying supply partners with strong corporate governance and a reputation for good conduct policies. We emphasize the importance of working with companies that excel operationally and uphold ethical standards that are essential to our business values.

Supplier Onboarding

Once new suppliers have been selected, they are required to complete a questionnaire prior to being set up in our accounting system. This questionnaire addresses both accounting and purchasing matters. While the current questionnaire does not touch upon forced labour or child labour issues, ND Graphics recognizes the opportunity for their inclusion in future iterations.

Supplier Performance Monitoring

ND Graphics monitors supplier performance quarterly using a Supplier Performance Excel file, particularly focusing on late shipments and quality issues. For issues where products have been deemed defective, ND Graphics initiates a Return to Vendor process. The defective returns are then tracked and monitored within our system. For other issues, we communicate through e-mail or by phone with the supplier. The Purchasing Coordinator oversees communication with the supplier, ensuring timely responses and



necessary actions are taken. This tracking system serves as a means to integrate future monitoring of suppliers' compliance with the Act.

Terms and Conditions

All vendors are bound by the terms they sign, which are stated in their purchase orders (POs). These POs delineate the terms and conditions, ensuring that suppliers are legally obligated to adhere to the specified terms.

Recruiting

From an operational perspective, as a condition of employment, new employees must present documentation establishing their identity and their eligibility to work in Canada legally. New employees must provide ND Graphics with a valid Social Insurance Number, landed immigrant papers, employment visa, or temporary work permit. ND Graphics also verifies 2-3 work references as part of the recruitment process. In addition, for positions deemed higher risk to the organization (i.e., Accounting, IT, HR/Payroll, and Senior Managers), we also perform credit checks and criminal checks. This allows ND Graphics to detect that all newly hired employees are legally eligible to work in Canada and are of legal age.

ND Graphics hires temporary workers through a reputable recruiting agency. In accordance with our contractual agreements, the recruiting agency is required to conduct security checks and ensure that no workers are under 18 years old.

Supply Chain Risk Assessment

A risk assessment has been performed over material direct suppliers regarding ND Graphics' industry of operation, goods procured, and countries from which goods are procured. This risk assessment used two separate indices to conclude on the inherent risk of forced labour and/or 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 Labor or Forced Labor.

Industry of Operation

ND Graphics operates within the materials and supplies, equipment, and software distribution industry. Given that the two indices noted above have not identified risks of forced labour and child labour inherent to distribution, this industry has **low inherent risk** exposure.

Goods Procured

As indicated previously, ND Graphics' main categories of products are digital materials, edge materials and foils, equipment, heat transfer materials, inks, paint, protective films, service parts, supplies, tapes and adhesives, and vinyl.

While we know that some of our vendors purchase goods from foreign countries, we do not know the full extent of this. We are also aware that we purchase highly finished goods built with multiple materials and that each material may contain a different risk profile for supply chain risks. Therefore, a risk assessment over the goods procured from the suppliers noted above focusing on the standard materials

utilized in the manufacturing of these goods has been conducted and identified an initial **inherent risk** of forced labour and/or child labour within the following categories:

- 1) Copper – pigment in ink and paint, material for foils
- 2) Zinc – pigment in ink and paint
- 3) Coal – carbon black for blank ink and paint
- 4) Cobalt ore – pigment in ink and paint
- 5) Iron – pigment in ink and paint
- 6) Rubber – adhesive material for tape
- 7) Tin – material for foils
- 8) Gold – material for foils
- 9) Electronics – printers, cutting machines, service parts, power supplies.

All other remaining goods have a **low inherent risk** of forced labour or child labour, according to the two indices noted, which include the following categories:

- 1) Vinyl – material for wrapping film, heat transfer materials
- 2) Polypropylene – base material for tape
- 3) Polyethylene – material for tape and film
- 4) Acrylic – adhesive material for tape
- 5) Silicon – adhesive material for tape
- 6) Polyester – base material for tape
- 7) Aluminum – material for foils
- 8) Lead – pigment in ink and paint
- 9) Chromium – pigment in ink and paint

Countries Which Goods Are Procured From

For the purposes of assessing the risk of the countries from which goods are procured, this report focuses on direct material suppliers only—those accounting for at least one percent (1%) of the total supplier spend during the 2023 fiscal year.

Material suppliers from Japan, Taiwan, Belgium, and Turkey collectively account for 2.03% of the total supplier spend. Within this group, according to the two indices noted above, only Taiwan and Turkey have been identified as source countries with a **higher inherent risk** of using forced labour and/or child labour.

The remaining proportion of suppliers, 97.97%, are from Canada, The United Kingdom of Great Britain and North Ireland, and the United States of America. Though these countries have been identified as source countries with a **lower inherent risk** of using forced labour and/or child labour, these vendors purchase their goods from overseas suppliers, exposing the supply chain to inherent risk related to originating source countries.

Remediation of Forced Labour & Child Labour and Vulnerable Family Income Loss

ND Graphics is in the process of understanding and evaluating our supply chain related to the risk of forced labour and child labour. To date, ND Graphics has not identified instances of forced labour or child labour within our operations or those of suppliers. ND Graphics is continuing the review of procurement practices to enhance the rigor of our due diligence processes including raising awareness with our suppliers.

Awareness Training

ND Graphics does not have training on forced labour or child labour. However, ND Graphics does provide online training courses to our employees to enhance awareness of pertinent social issues. These training modules cover a range of topics, including Workplace Violence and Harassment, Health and Safety, and Understanding Human Rights. By delving into these subjects, we empower our employees to recognize and address instances of misconduct or unethical behaviour, fostering a culture of respect and accountability and making it less likely for instances of forced labour and child labour to go unnoticed or unreported. ND Graphics also tracks the completion of these courses within the system.

In addition, when onboarding new employees, part of this process includes reviewing the identified policies to ensure the individual understands the company's standards and expectations. Policies relevant to forced labour and child labour include health and safety and workplace violence and harassment.

ND Graphics recognizes the opportunity to enhance employee training relevant to this Act and will, therefore, evaluate applicable training for staff in the foreseeable future.

Assessing Effectiveness

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

ND Graphics Activities

1. **Total harassment incidents** – ND Graphics has zero tolerance for workplace harassment. All claims made regarding harassment will be reported to Human Resources and ND Graphics leadership for thorough investigation and resolution in a timely manner. Our approach involves a comprehensive examination of the issue, including gathering statements from all involved parties, interviewing witnesses, and seeking guidance from our legal counsel. We are committed to addressing such matters seriously, ensuring a safe and respectful work environment for all.
2. **Employee training:** ND Graphics will continue to track employee training completion metrics to ensure the completeness of mandatory courses.
3. **Governance:** ND Graphics will continue to monitor and assess compliance with the policies and

review identified policies on an as-needed basis.

Supplier Activities

1. **Purchase Orders:** ND Graphics has identified the opportunity to implement a clause within our purchase orders regarding zero tolerance for forced labour and child labour. This clause will identify the outcome or, disciplinary action should an instance of forced labour or child labour be reported or discovered by ND Graphics.
2. **Supplier Questionnaire:** ND Graphics will include specific questions regarding forced labour and child labour in the existing supplier questionnaire. For each questionnaire submitted, ND Graphics will collect responses in a centralized system to understand how the risk of forced labour or child labour affects suppliers.
3. **Supplier Monitoring:** key suppliers of ND Graphics will be monitored on a quarterly basis through performance reviews. Record keeping for frequency of reviews and date of last review is kept in a centralized system to ensure these reviews are being performed.
4. **Governance:** each parameter of supplier activities will be reviewed on an as-needed basis.

Steps Taken to Prevent & Reduce Risk of Forced labour or Child labour

ND Graphics has taken the following steps to prevent and reduce the risk of forced labour or child labour:

1. **Mapping supply chains:** As part of this report, ND Graphics has mapped our supply chain to complete a risk assessment to align with the Act.
2. **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, ND Graphics has identified risks within our activities and supply chain with inherent risks of forced labour and/or child labour.
3. **Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily:** Human Resources checks new employee information to ensure they are legally permitted to work at ND Graphics. Future checks will evaluate additional aspects of the recruitment process.
4. **Developing and implementing anti-forced labour and/or -child labour contractual clauses:** ND Graphics has identified the opportunity to integrate contractual clauses within purchase orders related to anti-forced labour and/or child labour.
5. **Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists:** ND Graphics has identified the opportunity to integrate anti-forced labour and/or child labour standards/conduct into internal policies and training, as well as supplier due diligence procedures (purchase orders and questionnaires).
6. **Monitoring suppliers:** ND Graphics monitors supplier relationships using supplier questionnaires and performance reviews. Both of these functions have been identified as opportunities to align questions to the use of forced labour and/or child labour.

7. **Developing and implementing training and awareness materials on forced labour and/or child labour:** ND Graphics has identified the opportunity to develop employee training relevant to forced labour and/or child labour.
8. **Developing and implementing procedures to track performance in addressing forced labour and/or child labour:** ND Graphics has identified mechanisms in place to be developed for assessing the effectiveness of reducing the risk of forced labour and child labour.

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.

Pamela Messere

Full Name

CFO

Title



Signature

May 29, 2024

Date

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