

Fighting Against Forced Labour and Child Labour in **Supply Chains**

May 2024



Land acknowledgment

The lands on which the Royal Canadian Mint facilities are located in Ottawa, Ontario, are the traditional and unceded territory of the Algonquin Anishnaabeg People.

We would also like to acknowledge that the Royal Canadian Mint facilities in Winnipeg, Manitoba, rest on Treaty 1 territory and that these lands are the traditional territory of Anishnaabeg, Cree, Oji-Cree, Dakota and Dene Peoples and the homeland of the Métis Nation.



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Structure, activities and supply chains

About this report

This report constitutes the first report prepared by the Royal Canadian Mint (the “Mint”) pursuant to Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) in effect since January 1, 2024. This report is prepared in regards to the Mint’s previous financial year beginning on January 1, 2023, and ending on December 31, 2023 (the “Reporting Period”).

This report contains an overview of the steps we have taken to prevent and reduce the risk of forced labour or child labour being used at any step of the production of goods we produced, purchased or distributed during the Reporting Period. It sets out our commitment to prevent child labour, forced labour and human trafficking in all our activities and supply chains.

OUR STRUCTURE

The Mint is a federal Crown corporation owned solely by the Government of Canada. Our activities are carried out of our facilities in Ottawa, Ontario (our head office) and Winnipeg, Manitoba. As at December 31, 2023, our workforce was comprised of 1,147 employees (inclusive of full-time and part-time employees).

Our President & CEO is appointed by the Governor in Council, while the members of our Board of Directors are appointed by the Minister of Finance with the approval of the Governor in Council.

OUR ACTIVITIES

We are required by the [Royal Canadian Mint Act](#) to mint coins in anticipation of profit and to carry out other related activities. We have two primary businesses: our Circulation Business and our Precious Metals Business.

Our Circulation Business is comprised of two business lines:

Canadian Circulation

Our core business. Under this business line, we manage, on behalf of the Government of Canada, the circulation of Canada’s coinage, from forecasting to production and eventual retirement. This end-to-end responsibility, along with the management of inventories across the nation, enables us to effectively deliver a reliable and inclusive payment option for Canadians. Integrating environmental, social and corporate governance (ESG) as a foundation for our coin lifecycle management practices, we recycle and redistribute coins which reduces the need to produce more coins and extends the life span and usage of coins already circulating.

On behalf of the Government of Canada, we also operate a Commemorative Coin Program to celebrate Canada’s history, diversity, culture and values, in addition to being responsible for

the Alloy Recovery Program which removes older-composition Canadian coins from the coin pool system and replaces them with more durable and secure multi-ply plated steel (MPPS) coins.

Foreign Circulation

We produce and supply finished coins, coin blanks and tokens to customers around the world, including central banks, mints, monetary authorities and finance ministries. We also produce high-technology dies for international customers, allowing countries to strike their own coins.

Our Precious Metals Business consists of the following two business lines:

Bullion Products & Services

We provide critical support to the essential Canadian mining and financial sectors through our precious metal investment coin and bar products, supported by our integrated precious metal refining and storage services and our gold and silver Exchange-Traded Receipts (ETRs) which trade on the Toronto Stock Exchange¹.

Numismatics

Through our Numismatics business, we design, manufacture and sell collectible coins to a customer base in Canada and around the world, in addition to producing medals for many Canadian public institutions to recognize and celebrate outstanding accomplishments of Canadians. We sell numismatic products through our outbound sales and e-commerce platforms, through our boutiques in Ottawa and Winnipeg, as well as through our dealers and partners, both domestically and internationally.

¹ For more information about our gold and silver ETRs, go to <https://www.mint.ca/en/exchange-traded-receipts>.

Structure, activities and supply chains

OUR SUPPLY CHAINS

During the Reporting Period, we sourced goods and services from 1,227 vendors, 978 of which are located in Canada, 177 in the United States, with the remainder being located in various countries in Europe, Asia, South America and Oceania. The vast majority of our procurements are managed by two groups: our Supply Chain Group and our Strategic Procurement Group.

Supply Chain Group

Our Supply Chain Group focuses on the procurement of direct inputs, i.e., goods and services that are incorporated in the goods and services we provide to our end customers.

Direct inputs specific to our Precious Metals Business

- Services for the production of precious metal products;
- Refined precious metals, mostly consisting of gold and silver;
- Packaging components, including boxes, capsules, certificates and labels;
- Numismatic coin enhancements such as diamonds and gems;
- Services for the application of paint on numismatic coins;
- Packaging assembly services;
- Services for numismatic coin antiquing and toning; and
- Precious-metal coin machining services.

Direct inputs specific to our Circulation Business

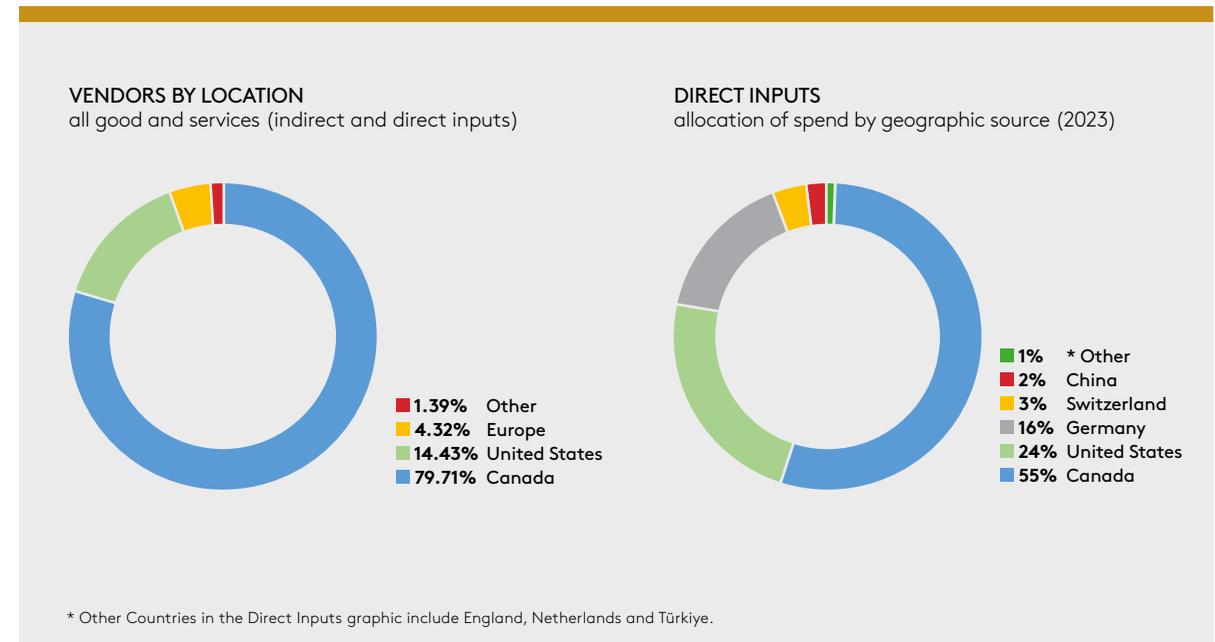
- Ferrous metals such as steel in the form of cold rolled coils;
- Non-ferrous metals such as copper, nickel, aluminum, tin and zinc in the form of anodes, coils and coin blanks;
- Ready-to-strike brass and bronze-plated steel coin blanks;
- Inputs and services related to the application of paint on Canadian and foreign circulation coins; and
- Electroplating services.

Our Treasury Group also supports our Supply Chain Group by procuring refined precious metals, mostly silver and gold, used in the production of various precious-metal investment and numismatic products.

Other procurements by our Supply Chain Group include courier services, armoured car carrier and common carrier transportation services and freight forwarding services for the delivery of products to our end customers within Canada and internationally.

Strategic Procurement Group

The Strategic Procurement Group focuses on the procurement of indirect inputs, i.e., procurements which, although not incorporated in the goods and services sold to our end customers, support our general operations. These procurements include, but are not limited to, information technology goods such as laptops, cell phones, displays and software; consulting services; marketing and communication agencies; maintenance, repair and operating supplies; chemicals; transportation services by land, air, and sea; storage services; bulk packaging and shipping supplies; uniforms and laundry services; safety and personal protection equipment; capital equipment; construction, maintenance and engineering services.



Parts of our activities and supply chains that carry a risk of forced labour and child labour

We acknowledge that certain sectors within our businesses and supply chains carry a risk of forced labour and child labour. Our determinations are based on reports published by reputable organizations² that identify certain goods that are at higher risk of forced labour and/or child labour when sourced from certain independent countries or certain non-independent countries and regions, followed by a reconciliation exercise with our procurement groups.

Gold is identified as carrying a higher risk of child labour and forced labour; this was already a known fact to us through our Responsible Metals Sourcing and Manufacturing Program (the “**RMSM Program**”) and through our yearly certification process as a Good Delivery refiner accredited by the London Bullion Market Association (the “**LBMA**”), in addition to being highlighted in the above-referenced reports. We use gold in the production of various precious metal investment products and numismatic products.

Precious metals (including gold and silver) used for the production of precious metal investment products and numismatic products we sell come from various sources:

- Gold and silver we hold on an unallocated basis belonging to customers, including refining customers such as mines and precious metal recycling customers, financial institutions and other precious metal trading customers.
- Select financial institutions who provide us with silver and gold through precious metal leases.
- Suppliers of precious metal blanks and other precious metal products.

In addition, during the Reporting Period, three suppliers of direct inputs were identified as being located in areas where there is an increased risk of forced labour or child labour (i.e., China and Türkiye), though the goods we procured therefrom are not identified as being high-risk.

In terms of procurements of indirect inputs during the Reporting Period, we have identified a higher risk in connection with the procurement of electroplating and pad printing equipment from three suppliers given their location (China) and the type of goods.

That said, none of the latter three suppliers were flagged by our third-party compliance monitoring service as using forced labour or child labour (see section below under the heading “Policies and due diligence processes in relation to forced labour and child labour” for more information on the third-party compliance monitoring service we use).

We are confident that the risk-mitigating measures we have in place to prevent and reduce the risks of forced labour and child labour in our supply chains are reasonable and effective (see the information under the headings “Policies and due diligence processes in relation to forced labour and child labour” and “Steps taken to prevent and reduce the risks of forced labour and child labour” for more information on our risk-mitigating measures).

²Walk Free 2023, *The Global Slavery Index 2023*, Minderoo Foundation; 2022 *Findings on the Worst Forms of Child Labor*: Department of Labor, United States of America, 2022; International Labour Office and United Nations Children’s Fund, *Child Labour: Global Estimates 2020, Trends and the Road Forward*, ILO and UNICEF, New York, 2021; *Risk Analysis of Human Trafficking, Forced Labour, and Child Labour in Public Works and Government Services Canada’s (PWGSC’s) Procurement Supply Chains*: University of Nottingham Rights Lab, May 2021; *Ending Child Labour, Forced Labour and Human Trafficking in Global Supply Chains*: International Labour Organization, Organization for Economic Co-operation and Development, International Organization for Migration and United Nations Children’s Fund, 2019.

Policies and due diligence processes in relation to forced labour and child labour

We have implemented a number of policies, due diligence processes and other risk-mitigating measures that underscore our commitment to ethical and responsible behaviour, including, but not limited to, the elimination of forced labour and child labour, which are embedded within our broader environmental, social and governance (ESG) commitments and action plan³.

Responsible Sourcing of Precious Metals

Core to our RMSM Program is our Responsible Sourcing (Precious Metals) Policy⁴ which applies to all gold and silver-bearing material we refine. We compete globally for precious metal refining services with a client base consisting of large and small-scale mines, scrap and jewelry recyclers, bullion dealers and financial institutions who bring in rough gold and silver sourced primarily in North and Latin America. Our policy embodies our commitment to promote, support and engage with secure, transparent, and verifiable mined or recycled precious metal supply chains. Underpinning the policy is a supply chain due diligence framework that aims to:

- Ensure that gold and silver we process do not originate from organizations or supply chains which (a) contribute to, assist with or facilitate human rights abuses or conflicts, including child labour and forced labour; (b) directly or indirectly support illegitimate non-state armed groups; (c) fail to comply with taxes, fees and royalties due to governments related to mineral extraction, trade and export; (d) engage in bribery and fraudulent misrepresentation of the origin of their gold or silver materials; (e) engage in money laundering or terrorism financing; or (f) contribute to conflict; and
- Address ESG factors in their gold and silver supply chain by making inquiries on related policies and practices.

Our policy establishes a governance framework for gold and silver supply chains that:

- Identifies and validates the chain of custody for all incoming gold and silver to be refined;
- Identifies and assesses gold and silver sourcing supply chain risks, including risks related to forced labour and child labour, using a risk-based approach;

- Implements management strategies to respond to identified supply chain risks;
- Ensures full compliance with responsible sourcing requirements specified in the London Bullion Market Association's Responsible Gold Guidance and Responsible Silver Guidance⁵; and
- Demonstrates openness and transparency about our RMSM Program.

We perform supply chain due diligence following a risk-based approach for each prospective refining customer through which we identify and assess risks associated with, among others, the location (including the origin) of the supply chain and the type of precious metals. Due diligence is first conducted prior to entering into a business relationship with the prospective customers, and thereafter on a periodic basis with those with whom a business relationship is established.

The following is included in the due diligence:

- An initial screening followed by ongoing monitoring using a third-party compliance monitoring service (the "**Compliance Monitoring Service**") which, amongst other things, alerts us to findings related to, amongst other issues, forced labour, child labour and other workforce rights and human rights issues. Reports containing an overview of alerts received are submitted to our Vice-President, General Counsel and Corporate Secretary, in his/her capacity of Compliance Officer pursuant to our Responsible Sourcing (Precious Metals) Policy.
- Every refining customer is screened against the Heidelberg Institute for International Conflict Research's Conflict Barometer⁶ and the European Union's Conflict-Affected and High-Risks Areas (CAHRA) list⁷.
- Every refining customer is assigned a risk rating based on numerous factors including the type of material to be processed in our supply chain (mined, recycled, mixed or artisanal), the nature of the entity, the presence of politically exposed persons (foreign and domestic), and the country sourcing risk. High-risk customers are subject to additional due diligence including site visits and additional controls relating to identified risks. In the case of a refining customer with a

high-risk location for human rights, the due diligence would require detailed evidence of human rights policies and practices, training on human rights of any private security forces and disclosure of significant human rights complaints. We currently have no direct refining relationship with refining customers in any high-risk location for human rights violations.

We have established and maintain a traceability system that identifies the origin of gold and silver material sent to us for refining from the upstream parties involved in the supply chain, which requires customers to provide traceability information including proof of origin. Our traceability system is bolstered by a recently implemented distributed ledger technology solution that now makes it possible to perform end-to-end tracing and certify the provenance of gold deposited and processed at our refinery; we will progressively onboard refining customers for the use of this solution⁸.

In addition to the above, the gold and silver we don't refine but otherwise source for the production of precious metal investment products and numismatic products is either:

- Sourced in the form of Good Delivery gold and silver;
- Sourced in other forms than Good Delivery, but refined by accredited LBMA Good Delivery refiners⁹; or
- Otherwise subject to our precious metal supply chain due diligence process specified in our Responsible Sourcing (Precious Metals) Policy.

³ More information on our ESG commitments and action plan can be found at <https://www.mint.ca/en/company/environmental-social-governance>.

⁴ More information on our Responsible Metals Sourcing and Manufacturing Program, including the text of our Responsible Sourcing (Precious Metals) Policy, our 2022 Compliance Report and our 2022 Assurance Report can be found at <https://www.mint.ca/en/storage-and-refinery/refinery/responsible-metals-program>.

⁵ Information about the LBMA's Responsible Sourcing Program, including the Responsible Gold Guidance and the Responsible Silver Guidance can be found at <https://www.lbma.org.uk/responsible-sourcing>.

⁶ Information about the Conflict Barometer can be found <https://hiik.de/conflict-barometer/current-version/?lang=en>.

⁷ Information about the CAHRA list can be found at <https://www.cahra.org.net/>.

⁸ Additional information about the distributed ledger technology solution can be found at <https://www.mint.ca/en/company/media-room/2024-03-04-the-royal-canadian-mint-transforms-its-gold-refining-with-new-distributed-ledger-technology-solution-that-traces-metal-from-mine-to-vault>.

⁹ For information about Good Delivery and LBMA accredited Good Delivery refiners, go to <https://www.lbma.org.uk/good-delivery/about-good-delivery>.

Policies and due diligence processes in relation to forced labour and child labour

› Vendor screening & monitoring

Beginning in 2023, our Supply Chain Group and our Strategic Procurement Group screen every vendor prior to entering into a business relationship using the Compliance Monitoring Services. Vendors with whom we enter into a business relationship are thereafter monitored using the Compliance Monitoring Services on a continuous basis.

Our Supply Chain Group conducts periodic site visits with key suppliers of direct inputs as part of its business review and supplier management process using our ISO Supplier Qualification Process to ensure vendors uphold our business ethics, including as it pertains to workplace conditions, health and safety and environmental impact. These visits occur at the onboarding stage and every 1-3 years thereafter. Moving forward, the Supply Chain Group intends to extend the site visits to all of their vendors and to widen the scope to encompass verifications related to forced labour and child labour.

› Code of Conduct and Ethics

Our Code of Conduct and Ethics, applicable to all of our employees, crystallizes our commitment to adhering to the highest standards of business conduct in carrying out our business. Our Code of Conduct and Ethics incorporates by reference the Government of Canada's Values and Ethics Code for the Public Sector. Our Code of Conduct and Ethics encourages our employees to report violations thereto or to any other of our policies, including our Responsible Sourcing (Precious Metals) Policy; reports are treated confidentially to the extent permitted by law.

› Whistleblowing Program

Our Disclosure of Wrongdoings Policy, which is rooted in the *Public Servants Disclosure Protection Act*, enables our employees to disclose wrongdoings, including but not limited to unethical conduct, and provides an environment for reporting that is free from fear of reprisal. One of the vehicles available to our employees and third parties for disclosing wrongdoings is ClearView Connects¹⁰, an independent and confidential reporting service accessible through our website that allows wrongdoing disclosures in both official languages to be made 24 hours a day, 365 days a year either on a confidential or anonymous basis (at the choice of the person making the disclosure). ClearView Connects is also available for use by third parties through our website.

Steps taken to prevent and reduce the risks of forced labour and child labour

› Vendor Screening & Monitoring

As noted above, beginning in 2023, our Supply Chain Group and our Strategic Procurement Group screen every vendor prior to entering into a business relationship and thereafter on a continuous basis using the Compliance Monitoring Services which, amongst other things, alerts us of findings related to, amongst other issues, forced labour, child labour and other workforce and human rights issues.

› Supplier Code of Conduct

During the Reporting Period, we developed our Supplier Code of Conduct¹¹ which is representative of our commitment to conducting our businesses in a lawful and ethical manner. The Supplier Code of Conduct describes the expectations and obligations for our suppliers and sub-contractors who respond to competitive solicitations and/or provide goods and services on matters such as forced labour, child labour, human trafficking, responsible sourcing of materials, economic sanctions, corruption, bribery and financial crimes, human rights and labour standards, Indigenous rights, ethics and professionalism, conflict of interest, health and safety standards and environmental practices.

Our Supplier Code of Conduct is being rolled out in 2024 and will be incorporated by reference in our procurement contracts and sourcing documents on a going forward basis.

› Contract and Procurement Document Clauses

During the Reporting Period, we developed clauses to be included in our procurement contracts and in our solicitation documents that require, amongst other things, suppliers and proponents to provide acknowledgement of our Supplier Code of Conduct and warranties in connection with forced labour, child labour, economic sanctions and human trafficking. These clauses are being rolled out in 2024 on a going forward basis.

¹⁰ Additional information about ClearView Connects can be accessed at <https://www.mint.ca/en/privacy-charter/whistleblowing>.

¹¹ To access our Supplier Code of Conduct, go to <https://www.mint.ca/en/company/environmental-social-governance>.

Measures taken to remediate forced labour or child labour

No instances of forced labour, child labour or human trafficking within our activities and supply chains have been detected by our due diligence and risk mitigation controls

Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour

As we have not identified any instances of forced labour or child labour in our activities or supply chains, we have not taken any measures to remediate any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities or supply chains. If such instances were to arise, we would investigate and take appropriate remedial actions.

Training to employees on forced labour and child labour

During the Reporting Period, training was provided to the heads of our Supply Chain Group and our Strategic Procurement Group, in addition to other members of our senior leadership team on the requirements arising out of the Act and the issues of forced labour and child labour. Staff of our Supply Chain Group and of our Strategic Procurement Group were also trained on the use of our Compliance Monitoring Service.

Our Responsible Sourcing (Precious Metals) Policy requires that training be provided on an annual basis regarding our RMSM Program to officers and employees who are involved in the receiving and processing of gold and silver, and to the members of our Board of Directors on a biannual basis.

How we assess our effectiveness

As previously stated, the sourcing of gold has been identified as carrying a higher risk of child labour and forced labour.

PER OUR RESPONSIBLE SOURCING (PRECIOUS METALS) POLICY:

➤ OUR BOARD OF DIRECTORS IS RESPONSIBLE FOR, AMONGST OTHER THINGS:

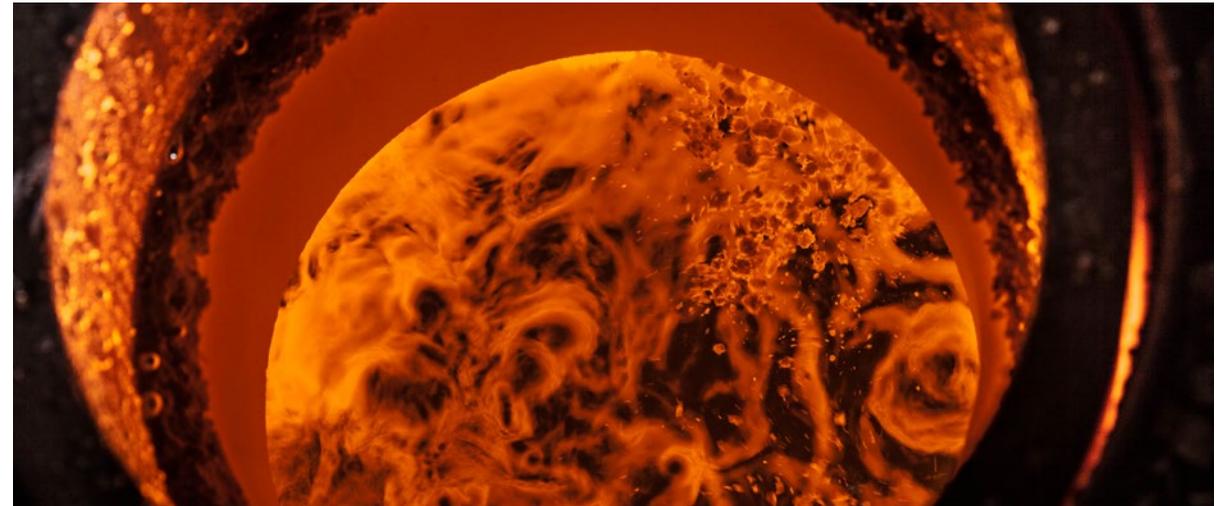
- Ensuring internal accountability of the effectiveness of related supply chain due diligence policies and processes; and
- Regularly, at a minimum annually, assessing the effectiveness of supply chain due diligence policies and processes.

➤ OUR PRESIDENT AND CEO IS RESPONSIBLE FOR, AMONGST OTHER THINGS:

- Appointing the Compliance Officer;
- Providing leadership in the implementation the policy; and
- Approving directives connected to the policy, as needed.

➤ OUR COMPLIANCE OFFICER IS RESPONSIBLE FOR, AMONGST OTHER THINGS:

- Reviewing the related supply chain due diligence process and assessing the adequacy of the due diligence that has been conducted on a continuous basis;
- Ensuring the availability of sufficient resources (including capacity and experience) necessary to support the operation and monitoring of the supply chain due diligence processes and systems;
- Ensuring our employees are trained with respect to supply chain risks and that the policy and associated procedures are kept up to date;
- Reviewing know your customer (KYC) files and risk classifications and requesting additional documentation or information, as necessary;
- Ensuring appropriate measures are executed in cases of high-risk supply chains or transactions; and
- Ensuring that any other activities required to comply with the LBMA's Responsible Gold Guidance and Responsible Silver Guidance are fulfilled.



- Our precious metal supply chain due diligence processes must be independently audited by an LBMA-approved assurance provider on an annual basis, performed in accordance with ISAE 3000 assurance standards or other standards as may be determined by the LBMA¹²; successful annual audits are required in order to remain an accredited Good Delivery refiner¹³.

¹² Our most recent our Assurance Report can be found at <https://www.mint.ca/en/storage-and-refinery/refinery/responsible-metals-program>.

¹³ For more information, see the LBMA's Good Delivery Rules accessible at <https://www.lbma.org.uk/publications/good-delivery-rules>.



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