

2023 Forced Labour and Child Labour Report

This Report is made by Scholastic Canada Ltd. (“**Scholastic**”, the “**Company**”, “**our**” or “**we**”) pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). It sets out Scholastic’s efforts to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by the Company. Scholastic recognises its responsibility to take a proactive and robust approach in preventing forced labour and child labour in its corporate activities.

This Report relates to actions and activities during Scholastic’s financial year ending **May 31, 2024** and is the first report prepared by the Company under the Act. Scholastic is incorporated under the *Canada Business Corporations Act* and is the **wholly-owned** Canadian subsidiary of Scholastic Inc. The Company is headquartered in Markham, Ontario

Steps to Prevent and Reduce the Risk of Forced Labour and Child Labour

We are committed to preventing forced labour and child labour in our corporate activities and supply chains. Scholastic believes in the worth and dignity of each individual and pledges to uphold the basic freedoms of all individuals; and is unalterably opposed to any system of government or society that denies these freedoms. Scholastic opposes discrimination of any kind, including on the basis of race, national or ethnic origin, colour, religion, age, sex, sexual orientation, gender identity or expression, marital status, family status, genetic characteristics, disability and conviction for an offence for which a pardon has been granted or in respect of which a record suspension has been ordered.

During the Reporting Period, Scholastic took the following steps, which are set out further in this Report, to prevent and reduce the risk of forced labour and child labour in its business and supply chains:

- Reviewed and updated its Supplier Welcome Package, which asks third-party suppliers to disclose certain employment information and agree to abide by the Scholastic Supplier Code of Conduct Policy;
- Reviewed and updated its Vendor Questionnaire for manufacturers, which asks third-party vendors to disclose certain employment information and details about any social responsibility and ethical workplace audits;
- Undertaken a review and mapping exercise of its supply chains;
- Conducted an internal assessment of risks of forced labour and child labour in its activities and supply chains through assessments and audits of Scholastic vendors
- Contracted a third-party external assessment of the risks of forced labour and child labour in its activities and supply chain;
- Developed/reviewed and updated its action plan for addressing forced labour and child labour;
- Gathered information on worker recruitment to ensure workers are recruited voluntarily;

- External supplier audits ensure that all third party supplier employees are recruited voluntarily.
- Reviewed practices in its activities and supply chains that increase the risk of forced labour and child labour;
- Developed/updated and reviewed due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and child labour in the Company's activities and supply chains;
- Carried out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour;
- Required suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and child labour in their activities and supply chains;
- Developed and implemented anti-forced labour and child labour contractual clauses in third-party supplier and vendor agreements
- Audited and monitored its suppliers and vendors;
- Developed and implemented grievance mechanisms for instances of forced labour and child labour in its activities and supply chains;
- Developed and implemented training and awareness materials on forced labour and child labour for employees;
- Engaged with civil society groups, experts and other stakeholders on the issue of addressing forced labour and child labour;
- Engaged with workers and families through 3rd party auditors potentially affected by forced labour and child labour to assess and address risks;

A. Activities and Supply Chains

Scholastic publishes award-winning and bestselling children's books, teaching resources and language-learning magazines. We are the leading Canadian champion for reading and learning, providing children, parents and teachers with the best books, resources, access and motivation for success. Through the Scholastic Canada Possible Fund, we donate quality books to children and families in underserved communities and in areas recovering from crises or natural disasters. Our goal is to improve literacy across the country, enrich learning experiences, and foster a joy of reading. We do this by partnering with grassroots community groups, organizations with on-the-ground literacy initiative, as well as charity and nonprofit partners nationwide. Through these partnerships, children with the greatest need across Canada receive thousands of books every year. We firmly believe access to books allows children to feel more optimistic and to see a world in which they can develop empathy skills, see their dreams and develop their thinking skills.

Scholastic and Scholastic Inc., alongside its supply chains, operate globally. As of May 31, 2023, Scholastic Inc. and its related entities employed approximately 6760 employees globally, of which 500 employees are located in Canada. Due to the size of the business and operation, our suppliers are based in countries around the world. Scholastic's global supply chains consists of third-party suppliers providing children's books, magazines, workbooks, activity kits, manufactured primarily in Canada, US, Mexico, China, Malaysia,

Europe and India. Operations in each of these facilities include, but are not limited to, printing, binding and collation packaging. Suppliers are required to demonstrate that they provide safe working conditions where they treat workers with dignity and respect and act ethically and within the law in their use of labour. Materials, such as paper, ink, and glue, used in the production and manufacturing processes are sourced from third-party suppliers in Canada, US, Mexico, China, Malaysia, Europe and India. These aforementioned geographic areas contribute to the highest proportion of suppliers and vendors based outside of Canada, which adds to the complexity of our supply chains.

Scholastic will wherever possible select suppliers who have adequate accreditations such as ICTI and SEDEX, especially in relation to our print suppliers which are located all over the globe. Finished books and other products are distributed by the Company or its related entities to third-party vendors for direct-to-consumer sales. The Company is committed to ensuring that its suppliers adhere to the highest standards of ethics and adhere to the Scholastic Supplier Code of Conduct Policy.

B. Policies, Governance and Due Diligence Processes

The Company operates the following policies that describe its approach to the identification of risks and steps to be taken to prevent forced labour and child labour in its operations:

- ***Supply chain due diligence:*** Scholastic undertakes due diligence when considering taking on new suppliers and will carry out necessary risk assessments (such as its Supplier Questionnaire) with yearly audits of existing suppliers overseas and every two years for all domestic suppliers in order to ensure compliance with our **Code of Conduct**.
- ***Scholastic Supplier Code of Conduct Policy***
- ***Supplier screening and oversight:*** All third-party suppliers are required to complete a Supplier Welcome Package, which asks suppliers to disclose certain employment information and agree to abide by the Scholastic Supplier Code of Conduct Policy. All suppliers are required to adhere to the Supplier Code of Conduct Policy and Scholastic employees or their representatives may make unannounced inspections of supplier premises to ensure the requirements of the code are being met. Failure to adhere to the standards may result in contract termination depending on the severity of any breach. If a supplier is proposing to work with Scholastic, violation or non compliance of the standards may result in elimination of consideration to undertake the supplier's service.
- ***Recruitment and Selection policy:*** The Company treats all candidates equally, fairly and consistently at every stage of the recruitment process, as well as ensuring compliance with legal right to work legislation to safeguard against human trafficking of individuals being forced to work against their will.

Hiring Managers and all employees are required to undertake Unconscious Bias training as a mandatory requirement.

C. Assessing and Managing Forced Labour and Child Labour Risks

Scholastic uses a risk-based approach to continuously evaluate, review and manage the risk of forced labour and child labour in its supply chains. We identify risks throughout our supply chains and ensure remedial actions are taken where there is an identified risk. The Company completes ongoing due diligence on its overall operations, including with respect to its supply chains, to determine the level of risk of forced labour and child labour.

Scholastic runs all vendors through the Global Trade Management system daily. This system provides automated monitoring of suppliers to detect any issues for any restricted parties, sanctions, customs and regulatory government compliance.

D. Training

Anti-forced labour and anti-child labour training for managers responsible for the Company's supply chains has been provided and the Company has made it mandatory for staff to undertake such training each year to ensure that this issue is in the forefront of our minds and that our operations, processes and procedures are continuously monitored and reviewed. Training covers:

- How to assess the risk of forced labour and child labour, including resources and support available;
- How to identify the signs of forced labour and child labour;
- What initial steps should be taken if forced labour or child labour is suspected;
- How to escalate potential forced labour and child labour issues to the relevant parties;
- What messages, business incentives or guidance can be given to suppliers and other business partners and contractors to implement anti-forced labour and child labour policies; and
- What steps our Company should take if suppliers or contractors do not implement anti-forced labour and child labour policies in high-risk scenarios, including their removal from our supply chains.

Scholastic has raised awareness of these issues by putting up posters across the Company's premises and will continue to raise awareness through training and regular compliance checks.

As we develop our processes in relation to forced labour and child labour, we will measure our effectiveness by reporting on the number of staff trained and the number of suppliers

assessed. We will continue to monitor our areas of risk, as well as ensuring steps have been taken to manage that risk.

E. Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(a) of the Act on May 28, 2024 by the Board of Directors of Scholastic.

In accordance with the requirements of the Act, I, the undersigned, attest that I have reviewed the information contained in this report for Scholastic. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the year ended **December 31, 2023**.

Anne Browne, Nancy Pearson

Anne Browne: 

President Finance, Operations, Administration

Nancy Pearson: 

President Publishing & Marketing