



Forced Labour and Child Labour in Supply Chains Report

Fiscal Year 2023

1. ABOUT THIS REPORT

This report relates to the financial year ending December 31, 2023. It is published by Smyth Companies, LLC (the “**Company**”) in compliance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

This report outlines the Company’s efforts and actions during its previous financial year to identify and understand the risk of forced labour and child labour within its operations and supply chain, and the key steps taken to strengthen controls aimed at preventing and mitigating these risks throughout the stages of importing goods into Canada.

References in this report to “Smyth”, “we”, “our” and similar terms are to the Company.

2. OUR COMMITMENT

We are dedicated to enhancing brands visibility and profitability, and to that end, we ensure to create a workplace where employees can contribute their unique ideas and talents, continuously driving our business forward while upholding human rights and employment laws within our network and among our partners.

Additionally, our commitment extends to preventing and reducing the risk of forced and child labour to all our facilities, our business partners and our supply chain network. We expect our business partners and suppliers, along with their contractors, agents, subcontractors, sub-agents and labour agencies, to uphold these same principles within their operations and adhere to applicable human rights and employment laws.

3. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

During its last financial year, Smyth took several steps to prevent and reduce potential risk of forced labour and child labour that may occur in its activities and supply chains, including the following:

- (1) Gathering information on worker recruitment, closely monitoring hiring processes to ensure all workers are recruited voluntarily, including a pre-employment process that includes valid proof of identity, age verification, legal authorization to work, and mandatory physical and drug screenings.
- (2) Requiring suppliers to have in place policies and procedures with adequate social responsibility standards.

(3) Monitoring suppliers compliance through onboarding process and annual reviews.

Details on these above actions are set out in this report.

4. ABOUT US & OUR SUPPLY CHAIN

Since its establishment in 1877, the Company has been a leading provider of high-impact label decoration for consumer goods products, serving businesses from neighbourhood stores to Fortune 500 companies. We deliver quality, innovative packaging solutions across various markets, including beauty, health, personal care, household, food, automotive, private label, and beverage.

Smyth is based in the United States, with its headquarters located in Minnesota. It engages in manufacturing and processing goods outside Canada and imports these goods into Canada for distribution.

Smyth maintains two distinct types of production facilities located in Minnesota, Massachusetts, Wisconsin, Arizona and Virginia:

- Our roll-fed operations produce pressure sensitive labels and flexible packaging using flexographic, UV flexographic, and digital print equipment.
- Our sheet-fed operations utilize lithographic presses to produce glue-applied cut and stack labels, as well as labels for in-mold application.

Our primary raw materials, such as paper, films, inks, and coatings, are predominantly produced domestically within the United States. On occasion and to a lesser extent (around 2% of overall spent), some substrates or supplies may be produced in Europe, Japan, China or Australia.

5. POLICIES AND DUE DILIGENCE PROCESSES

Our policies and due diligence procedures are focused on embedding responsible business practices into our management systems. We are committed to maintaining high standards of ethical conduct and social responsibility in our operations and business relationships, and to working actively to prevent and reduce any potential risk of forced and child labour in our activities and supply chains.

5.1 Policy Statement on Social Responsibility

In line with these principles, our Policy Statement on Social Responsibility explicitly states that we will never knowingly engage in business with suppliers who source, manufacture, or produce products, or deliver services, utilizing child labour, slavery, or human trafficking, or who otherwise create or tolerate unsafe work environments for their employees.

Our commitment to protecting human rights and to providing a fair and ethical workplace is exemplified by our treatment of employees. As stated in our Policy Statement on Social Responsibility, we strive to provide quality employment opportunities, a safe work environment, fair and competitive compensation, and ongoing professional training for all employees. We have a zero-tolerance policy towards discrimination or harassment based on race, creed, colour, religion, belief, sexual orientation, and other personal attributes.

5.2 Employee Handbook

Our Employee Handbook establishes policies, procedures, benefits, and working conditions that underpin our ethical approach to business. The Handbook must be followed by all employees as a condition of their employment with Smyth. It explicitly prohibits the use of forced labour and child labour from various perspectives, ensuring a comprehensive approach to upholding our ethical standard:

- In compliance with applicable laws, all new employees are required to complete and Employment Eligibility Verification Form I-9 and provide necessary documentation to establish identity and employment eligibility. In addition, applicants must be of legal hiring age and must satisfy company-approved screening and selection procedures.
- Smyth adheres to the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, enforcing a zero-tolerance policy towards human rights violations, including the use of child labour, prison labour, forcibly indentured labour, bonded labour, slavery, or servitude.
- Our whistleblower protection policy encourages employees to report any illegal or dishonest activities (including violations of federal, state, or local laws, etc.). This ensures that such reports can be made without fear of retaliation, with designated management officials responsible for conducting investigations and implementing appropriate corrective actions.

In accordance with our Employee Handbook, all employees, regardless of their classification or position, are employed on an at-will basis. As such, we closely monitor hiring processes to ensure all workers are recruited voluntarily, which involves a pre-employment screening through our payroll processor that includes valid proof of identity, age verification, legal authorization to work, and mandatory physical and drug screenings.

5.3 Due Diligence Processes

As part of our unwavering commitment to combatting forced and child labour, we have established a high-level due diligence process, which is designed to ensure that all our business engagements are aligned with our ethical standards and legal compliance requirements.

- (1) **Monitoring Suppliers:** To ensure that our suppliers meet our social and environmental standards, we collect data from Critical Material Suppliers (CMS1), typically our top 5 to 10 preferred supplier, which made up 53% of our spend in 2023, during the onboarding process and annually thereafter. This survey assesses whether suppliers have environmental and social responsibility policies in place, including specific policies on labour practices and human rights. Suppliers are required to answer affirmatively to these questions and to provide a copy of any relevant policy, certificate, or audit report for review. Oversight of this process is conducted by our Vice President of Procurement & Logistics and assigned Purchasing Managers.
- (2) **Reporting:** In instances where an employee of Smyth becomes aware of any actions by a supplier that may contravene Smyth's policies on human rights, it is mandatory for the employee to report these concerns to their designated supervisor.

- (3) **Investigation Process and Sanctions:** All reports received relating to potential policy violations are thoroughly investigated. This ensures that all allegations are addressed swiftly and effectively to minimize potential harm. In the event that an allegation is substantiated, it will result in the termination of our relationship with the supplier.

Given that Smyth has not yet identified any instances of forced labour or child labour in its activities and supply chains, no measures were taken to remediate such instances or to remediate the loss of income to the most vulnerable families that may result from measures taken to eliminate the use of forced labour and child labour.

6. RISK ASSESSMENT

Although we have not yet conducted a formal risk assessment of our activities and supply chains, we consider the risk of forced and child labour to be generally low in our operations and supply chains.

Our primary raw materials, such as paper, films, inks, and coatings, are predominantly produced domestically within the United States, where labour standards are strictly enforced.

We, however, acknowledge that our suppliers have their own value chains on which we have limited visibility, and which may extend to higher risk countries and that our suppliers may source a very minor portion of the substrates or supplies we purchase from China. As such, Smyth is committed to continuously enhancing our systems and processes to identify and mitigate risks associated with forced and child labour.

7. TRAINING AND CAPABILITY BUILDING

To ensure a high level of understanding of the risks of forced labour and child labour in our supply chains and our business, the Company provides regular training programs, which all new employees are required to attend as part of their onboarding process. These training sessions, focused on our policy on Human Trafficking and Child Labour, are refreshed bi-annually to ensure continual awareness and adherence across our Company.

In addition, specialized training sessions are regularly conducted for specific teams. For instance, on September 25, 2023, our Company provided mandatory training for our Procurement & Sourcing Team. This training session focused on reviewing and reinforcing Smyth's commitment to social responsibility policies.

8. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Our Company maintains robust policies and procedures to prevent the use of forced and child labour within our operations and supply chains. We assess the effectiveness of these measures by tracking performance indicators, including levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and child labour clauses.

In particular, Smyth voluntarily participates in EcoVadis and Sedex assessments, currently holding a Silver EcoVadis rating, and shares the assessments and scores via the relevant platforms.

9. LOOKING AHEAD

Identifying and eliminating forced and child labour in supply chains requires collaborative effort among industry suppliers and companies. At Smyth, collaboration stands as a cornerstone value, and we are dedicated to strengthening relationships with our supply chain partners. As part of our ongoing commitment to continuous improvement, we remain vigilant in identifying emerging risks.

10. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of Smyth Companies, LLC on May 24th, 2024 pursuant to subparagraph 11 (4)(a) of the Act and constitutes Smyth's report for the financial year ending December 31, 2023.

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 Smyth Companies, LLC. 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 indicated above.

I have the authority to bind Smyth Companies, LLC.

(Signed) Domenic Mancini

Full name: Domenic Mancini

Title: Chairman & CEO

Date: 5/24/2024