



# Supply Chain Regulation Compliance

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Bill S-211

# Forced Labour and Child Labour Report 2023

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## 1. About This Report

This report relates to the financial year ending December 31, 2023. It is published by Brault & Bouthillier Ltée (the “Company”) in compliance with Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”), on behalf of itself and the following entities, each a wholly-owned subsidiary of the Company: Demco EnCouleurs Inc., Avron Foods Limited, Avron School & Day Care Supplies Inc., Avron Distribution Inc., Ilot 307 Inc. and Les Jouets Boom Inc. (hereinafter collectively referred to as the “Company”, “B&B”, “we” or “our”).

This report provides an overview of the steps taken by the Company within its last financial year to prevent and reduce the risk of forced labour or child labour in its activities and supply chain.

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## 2. Preventing and reducing risks of forced labour and child labour

B&B strives to contribute to the learning and global development of children through our products and services. We are also dedicated to fostering a supportive and inclusive work environment where everyone can thrive, both professionally and personally. We expect our suppliers’ values to align with ours and we are committed to improving our practices to combat forced labour and child labour, involving our suppliers in this journey when appropriate.

During the last financial year, we have taken steps to prevent and reduce risks that forced labour or child labour be used at any step of our production of goods in Canada or elsewhere or of goods imported into Canada by us, including the following:

- we have been gathering information on worker recruitment and maintaining internal controls to ensure that all workers at B&B are recruited voluntarily and treated fairly; and
- we have maintained access to grievance mechanisms which enable employees to report any concerns or complaints they may have, which may include any forced labour or child labour issues.

In 2024, we have developed and implemented a supplier code of conduct, a sustainability policy and a code of ethics applicable to employees, consultants and directors. These policies will play an important role in upholding and enforcing elevated human rights standards and responsible sourcing practices within our operations and supply chains.

Details of the above actions, amongst others, are set forth in this report.

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### 3. About Us & Our Supply Chain

Founded in 1944, B&B contributes to the learning and global development of children by providing a fun and educational collection of quality products and by offering training and consulting services to educators and parents who wish to see children achieve their full potential.

With offices in Quebec, Ontario and British Columbia, our educational materials are distributed and sold to schools, day cares, hospitals, community services, resellers as well as parents.

We provide a wide range of products, carefully selected from around the world and tested by our specialists, to ensure that they meet all aspects of quality, safety and relevance to the different educational programs in Canada and we partner with a number of not-for-profit organizations centered around the wellbeing of children. Our goods include educational and curriculum-based games, arts & crafts and creative material, science, technology, robotics, toys and games, furniture and layout planning, motor skills and physical education equipment, teaching support material, school supplies, etc.

While most of these products are imported by us into Canada, we also have a manufacturing facility in Quebec that produces acrylic and poster paint which we sell to our customers.

B&B sources its products from a variety of suppliers established in Canada (51%), in the USA (28%), in Europe (15%) and in Asia (6%). While we have limited visibility on our suppliers' sourcing, we limit our risks by fostering long-lasting relationships with well-established and renown suppliers of the industry.

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### 4. Policies and Due Diligence Processes

In our ongoing efforts to enhance diligence and mitigate risks associated with forced labour and child labour, the Company is actively incorporating responsible business practices into its policies. This proactive approach, which was reinforced in 2024, aims to address human rights risks within our operations and supply chains.

#### **Employee Manuals and Code of Ethics**

On their first day as an employee of B&B, all our employees meet with a human resources representative and are provided with a copy of the employee manual applicable to their workplace to further our commitment to establishing and maintaining a work environment where all individuals are treated with dignity and respect and are afforded fair and equitable treatment. These manuals include policies on health and safety, discrimination, conflicts of interest and corruption and explanations regarding the relevant employee grievance mechanism.

Our manuals also provide for grievance mechanisms to effectively address any concerns or complaints that may arise, while protecting confidentiality of the whistleblower. The severity of each complaint is assessed by our human resources department and more serious cases are escalated to the Senior Leadership Team and trigger outside legal counsel involvement.

In the context of the Act coming into force, we have initiated the review of our various employee manuals to integrate by reference our Code of Ethics adopted in 2024. The Code of Ethics includes guidance and policies on matters such as conflicts of interest, corruption and bribery, discrimination and harassment in the workplace, health and safety, human rights (including a strong stance against forced labour and child labour) and environmental responsibility.

### **Recruitment Process**

B&B follows a rigorous recruitment process led by an accredited human resource professional.

We ensure that our workers are recruited voluntarily by posting job openings on publicly accessible platforms, allowing candidates to apply without any restrictions. Furthermore, we conduct interviews for all available positions and prioritize direct employment rather than relying on agency workers. In the rare instances that we are required to partner with employment agencies, such agencies are well-established service providers located and operating in Canada that exercise their activities in accordance with human rights. As of the date of this report, B&B does not employ foreign workers.

### **Employee Training**

At B&B, we are strongly committed to acting ethically and with integrity and we expect the same of our staff. While we provide many resources to our workforce, including employee manuals, a Sustainability Policy and a Code of Ethics, to which our employees can refer to guide their decisions and ensure they align with our values, we have not yet been providing formal training to our staff with regards to their content and, more specifically, human rights issues. In the near future, we intend to set up and provide such formal training to our staff.

### **Sustainability Policy**

B&B is committed to doing business in a way that meets the needs of the present while contributing to an environmentally, socially, and economically sustainable future, which is why we recently adopted a Sustainability Policy. Our Sustainability Policy highlights our commitment to respect human rights, including by:

- providing a healthy, safe and respectful working environment;
- setting individual diversity, equity and inclusion goals to foster diverse representation and an inclusive environment within our workforce, executives and board of directors, fostering an inclusive, diverse and equitable corporate culture, and combating discrimination and prejudice in all its forms by deploying and supporting comprehensive programs to these ends;
- ensuring that employment-related decisions are free from discrimination on grounds of race, ethnicity, gender, gender identity, sexual orientation, age, social class, disability, religious beliefs, nationality and political beliefs;

- ensuring an environment of psychological security in which people have the freedom to be themselves;
- promoting healthy lifestyle habits and physical and mental wellbeing in employees and communities; and
- supporting our local communities.

### **Supplier Code of Conduct**

To reinforce our dedication to ethical business practices and promote the same values among our business partners, we recently adopted a Supplier Code of Conduct. The code outlines minimum standards that we expect our suppliers to follow in relation to social, environmental and ethical issues to ensure that working conditions at our suppliers and subcontractors are safe, that workers are treated with respect and dignity, that manufacturing processes or similar activities are environmentally responsible, and that business is done in a legal and ethical way. The Supplier Code of Conduct applies to all actors of the chain of suppliers of B&B and its affiliated companies and specifies that any breach of the code shall be considered a breach of contract with B&B. We intend to monitor the compliance of our suppliers with this code and take appropriate measures to address any non-compliance, where appropriate.

### **Due Diligence Processes**

In the context of the Act coming into force, we engaged with our suppliers to know more about their human rights practices. By fostering open and ongoing dialogue, we have sought to gather information about the measures and policies our suppliers have in place to safeguard and promote human rights within their operations. We sent a questionnaire to 90 of our international suppliers representing more than 80% of our imports in fiscal year 2023. Our purpose was to identify any potential risk of forced labour and child labour and, where appropriate, conduct further investigation and take action, as appropriate. Based on our initial survey and responses provided by our suppliers at the date of this report, we were able to confirm that the majority of our main business partners have adopted a supplier code of ethics and/or conduct emphasizing the obligation to comply with all applicable laws and to encourage ethical and fair dealings in all aspects of their business.

In 2024 and beyond, we intend to perform on-site visits to any supplier that has been identified as having material risks of forced labour and child labour risks through our supplier questionnaire.

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## **5. Risk Assessment & Remediation Measures**

Many of our suppliers are renowned companies with which B&B has had regular and close dealings over a long period, and these suppliers are generally committed to high human rights standards and have procurement policies in place that discourage the use of forced and child labour, obtained ethics-related certifications or conducted audits of their own suppliers. However, we acknowledge our lack of visibility on our supply chain and our supplier's sourcing and the fact that the risk of forced labour and child labour in the industry exists, given that our supply chain, including those of suppliers, extends into regions potentially facing greater risk of forced labour and child labour.

To date, we have not been made aware of specific instances of forced labour or child labour and as such, no remediation measures were necessary to remediate any forced labour or child labour or to remediate any loss of income to vulnerable families resulting from any such measures.

As evidenced by our Code of Ethics and in accordance with our strong commitment to conduct business with integrity and fairness, any allegations, disclosures or discoveries of forced labour or work involving children in supply chains in contravention of Canadian laws will be taken very seriously by B&B and we will ensure that an investigation is conducted as soon as possible. In such a case and where required, we will apply appropriate corrective measures to remediate any identified risk.

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## 6. Assessing the Effectiveness of our Approach

We continue working on our efforts to identify, assess, and address forced labour and child labour risks within our operations and supply chain. As such and in accordance with our Sustainability Policy, we will task the Senior Leadership Team with the oversight of the application of the Sustainability Policy, as well as reporting to the Board of Directors with regards to the Company performance on sustainability priorities. Alongside the work of the Senior Leadership Team, we plan to continue to review our statements, policies, procedures, and practices periodically to determine whether any enhancements should be made to reinforce our commitment to prevent forced labour and child labour from taking place in our business and in any of our supply chains.

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## 7. Approval and Attestation

This report was approved by the Board of Directors of Brault & Bouthillier Ltée on May 24, 2024 pursuant to paragraph 11(4)(b)(ii) of the Act and constitutes the joint report for the entities listed in the first section of this 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 the Company. 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 Brault & Bouthillier Ltée



Full name: Paul Le Brun

Title: CEO

Date: May 24, 2024