



## 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

William E. Coutts Company, Limited Report

Modern Slavery Statement for the Financial Year ended 2023

This statement is made pursuant 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. This statement outlines the approach and initiatives by William E. Coutts Company, Limited, to identify and address the risks forced labour and child labour in its business operations and supply chains during the financial year commencing Jan 1, 2023, and ending Dec 31, 2023.

### Group Structure

William E. Coutts Company, Limited was established in 1916. It is comprised of two divisions: Hallmark Canada and Crayola Canada. Both divisions operate in the wholesale and retail trade sectors.

### Company Structure

William E. Coutts Company, Limited is wholly owned subsidiary of Hallmark Cards, Incorporated.

### Hallmark Canada:

Hallmark Canada sells card and gifting products in more than 3,100 locations across Canada, which locations include Hallmark Gold Crown® stores, a network of independently owned card and specialty stores, and mass retailers – Walmart, Rexall and Rexall Pharma Plus, Giant Tiger, McKesson, Costco and Hudson's Bay Company. There are approximately 95 full-time employees and 750 part-time employees who comprise the Canadian operations who manage the sales, service and distribution of products. The head office is in Markham, Ontario.

### Crayola Canada:

Crayola Canada sells children's art, craft and stationery items across Canada in mass retailers, which include Walmart, Amazon, Staples, Toys R Us and Costco, as well as online via Crayola.ca. There are approximately 80 full-time employees and 18 part-time/seasonal employees that comprise the Canadian operations that manage the procurement, sales, marketing, merchandising, service, and distribution of products. The head office is in Lindsay, Ontario.



### Supply Chain

All products sold by Hallmark in Canada are imported. Most greeting cards and gift presentation products are made in Hallmark owned factories in United States, but some cards and gift presentation products and all ornaments & gifting product (plush, mugs, frames, apparel) are made by third party manufacturers in Asia.

Crayola Canada imports children's art, stationery, and toy items from many countries including Italy, Brazil, China, South-East Asia, and the United States. The products are manufactured by both third party manufactures and Crayola LLC in the United States. Crayola Canada does some assembly of products and components into finished goods and display solutions in Canada.

### Risks in Supply Chain

Hallmark and Crayola's social responsibility approach is consistent with their beliefs and values and their mission of helping people live more caring, creative and connective lives. Hallmark and Crayola believe how we make our products is just as important as their quality.

We work to select suppliers who adopt strong ethical standards, respect the rights of the individuals they employ, and demonstrate stewardship of the environment.

In adhering to our sourcing and procurement standards, we also believe that the production of our products should be consistent with the  [UN Guiding Principles on Business and Human Rights](#) and the  [International Labour Organization \(ILO\) Conventions](#).

Our [Supplier Code of Conduct](#) requires that employment is freely chosen (no forced labour) and Child Labour is prohibited. Young Workers are also protected. Hallmark also has a child labour remediation plan, should child labour be found in our supply chain.

We have identified that recruited labour and migrant labour are vulnerable populations for exploitation, such as forced labor, and require third party ethical audits to check for exploitation.

### Actions Taken

In addition to adhering to sourcing and procurement standards as stated above, we have identified risks to the best of our knowledge and will continue to strive to identify emerging risks. William E. Coutts Company, Limited engages independent third parties to conduct ethical audits in accordance with upholding the Hallmark and Crayola Supplier Code of Conduct, and to reduce the risk of child labour/forced labour in our supply chain. This audit program requires initial audits for supplier approval, and annual audits are required for continued monitoring and approval. Evaluation of these audits checks for child labor/forced labor indicators and allows us to confirm that our suppliers have policies in place for them and verifies fair recruitment practices. Each audit includes interviews with a sample of employees to confirm work hours are voluntary. Our suppliers have also been encouraged to hire directly, through training on best practices with their HR teams, vs. using recruitment agencies, which the International Labour Organization has reported having a higher risk of forced labour. We



conduct regular training on our Code of Conduct requirements with our employees, & our Code of Conduct requirements are shared with all of our suppliers. We are members of the Mekong Club, a non-government organization (NGO) who works with the private sector to bring about sustainable practices against modern slavery across the globe, as well as the Supplier Ethical Data Exchange (SEDEX) with their ethical trade audits (SMETA), and the Ethical Supply Chain Program – founded by ICTI (ESCP) with their social audits known as ESCP audits (formerly ICTI).

We have also mapped higher risk regions in our supply chain to verify we are not sourcing near the Xinjiang province.

#### Risk Assessment

Our internal risk assessment includes tools such as the Worldwide Governance Indicators to establish country risk and inform our No Sourcing country list. We also refer to U.S. Department of State’s “Trafficking in Persons Report”, and the Bureau of International Labour Affairs “List of Goods Produced by Child Labour or Forced Labour” to evaluate the risks in our supply chain. As stated above, we mitigate the risks of forced/child labour through the [Supplier Code of Conduct](#), our audit program requiring third party ethical audits that include employee interviews, and the following language included in each purchase order: “Seller represents that the goods covered by this order have been manufactured in accordance with the requirements of the Canada Labour Code, relevant Employment Standards Act(s) and Company Supplier Code of Conduct.”

#### Remediation

No remediation was required. If child labor is found, we would follow our child labour remediation plan, if forced labor is found, we would partner with a non-governmental organization (NGO) to remediate appropriately.

#### Training

We have our suppliers sign our Code of Conduct Agreement. We also complete the training on the Code of Conduct, which includes no forced labour or child labour. We have taken the action to conduct regular training with all employees on our Code of Conduct.

#### Effectiveness Assessment

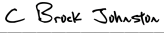
William E. Coutts Company, Limited periodically reviews our Code of Conduct, forced labour statement and child labour remediation plan. We have identified risks to the best of our knowledge and will continue to strive to identify ways to measure our effectiveness. Currently, our policies, procedures, and audit program described above have been effective as evidenced by having no occurrences of forced/child labour.



Sign off

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year ending 12/31/2023. It has been issued on behalf of William E. Cou tts Company, Limited and approved by the board of directors.

Signed,

DocuSigned by:  
  
755A768AAF07463...

Brock Johnston

Signing Officer

William E. Cou tts Company, Limited

5/30/2024

Date