



M.C.P. McCaughey Consumer Products Management Inc.

Forced Labour and Child Labour in Supply Chains Company
Assessment

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Introduction

This report is M.C.P McCaughey Consumer Products Management Inc. ("MCP" or "Entity") response 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 (the Act), sections 11(1) and 11(3).

MCP satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

The financial reporting year of MCP covered by this report is for the year ending December 31, 2025.

Structure, Activities & Supply Chain

Structure

MCP (business number 893703587) operates within the industry of wholesale trade, and is located in Burlington, ON. MCP has 67 full-time employees. MCP provides sales, brand management, inventory management and order to cash solutions to Brand owners residing outside of Canada. MCP was incorporated by the Emerson Group in 2019. For the purpose of this report, the reporting company will continue to be referred to as MCP. MCP procures product from its clients for resale within Canada.

Activities

MCP imports and distributes goods to Canadian retailers focusing on offering products in the categories of Over the Counter Drugs (OTC) which includes Registered Drug (DIN) and Natural Health Products (NHP), Health and Beauty, and Cosmetics.

Supply Chain

MCP imports and distributes products in 3 main categories - OTC, Health and Beauty and Cosmetics. MCP procures brands such as Dr. Scholl's, Dr. Teal's, SalonPas, Breathe Right, Byoma, EOS, Glaxal Base, and Panoxyl.

Within these categories, approximately 56% of MCP's total products are procured in the US and Canada while 18% are imported from China. The remaining balance of products are procured from Australia, Japan, South Korea, Denmark, Switzerland, Thailand, Turkey, United Arab Emirates, and United Kingdom. See Figure 1 for a breakdown of procurement by country.

For the purposes of describing MCP's supply chain, suppliers who account for 95% of the total procurement activity during the fiscal year were reviewed. MCP does not have visibility into its supply chain beyond first-tier suppliers therefore has focused this review on direct suppliers. MCP maintains an up-to-date record of country of origin for items within its clients' supply chains. This includes ongoing supply chain mapping to capture any changes in sub-suppliers or extended suppliers. MCP uses its item setup process as a key resource in this effort, requiring country of origin information to be provided for each new item introduced.

Policies & Due Diligence

Current policies

MCP has the following policies in place to mitigate the risk of forced and/or child labour within its operations and supply chain:

- Corporate Social Policy
- Occupational Health and Safety Policy
- Workplace Harassment and Sexual Harassment Policy
- Workplace Violence Policy
- Procurement Policy
- Quality Agreements with OTC clients

MCP has a Corporate Social Policy and is committed to ensuring that any business undertakings are conducted in an ethical manner per policy. MCP is committed to the well-being and continual development of employees, as well as cultivating and sustaining a workplace where employees are appreciated and valued. Employees are expected to act with integrity towards one another and exercise a high standard of business practice and workmanship. MCP supports diversity, fairness and equal opportunity. MCP aims to involve and consult regularly with employees as to the direction of the business.

MCP's aim is to choose suppliers and clients who share its ethos in relation to employment practices, quality and environmental controls. MCP has a vetting process in place to ensure engagement with companies and/or individuals committed to maintaining best practices.

This process includes gathering supplier information regarding product safety, organizational structure, and business continuity to help make decisions for good business resiliency and relationships. This due diligence allows informed decision making about clients and suppliers with whom to partner.

MCP recognizes and understands the significance of the local community and contributes by donating product/inventory or financial support to local community programs.

MCP is committed to providing a safe and healthy work environment for all employees, contractors, clients, vendors, visitors, and any other individuals affected by operations. The well-being of the entire workforce is essential to the success of MCP. The Occupational Health and Safety Policy outlines a commitment to maintaining a culture of safety, preventing workplace accidents and injuries, and complying with all relevant legislation and regulations in the Province of Ontario.

Management at all levels of the organization is responsible for ensuring that health and safety objectives are established, communicated, and integrated into all aspects of operations. This includes providing the necessary resources, training, and support to enable employees to work safely. Employees have been sent the policy for review and a copy of this policy is visually posted in the office for reference. Employees are expected to comply with the policy and their responsibilities are outlined within it. MCP is committed to identifying

workplace hazards, assessing risks, and implementing appropriate control measures to eliminate or minimize risks to the health and safety of its workforce. This includes regular workplace inspections, hazard assessments, and consultation with employees to identify potential hazards and implement control measures. All workplace incidents, injuries, near misses, and hazardous conditions must be promptly reported to their manager, supervisor, or any member of the JHSC. All incidents are investigated to determine the root causes, implement corrective actions, and prevent similar incidents from occurring in the future. MCP is committed to regularly reviewing and evaluating the occupational health and safety program to ensure its effectiveness. MCP complies with all applicable occupational health and safety legislation, regulations, and codes of practice in the Province of Ontario. Policies and procedures are regularly reviewed and updated to ensure ongoing compliance with the changing legal requirements. MCP maintains open lines of communication with employees, contractors, and other stakeholders regarding health and safety matters. Employee participation is encouraged with active employee consultation on health and safety issues to foster a collaborative approach to maintaining a safe work environment. This Occupational Health and Safety Policy is reviewed at least annually or whenever significant changes occur in operations, legislation, or best practices. The policy is communicated to all employees and made readily available to interested parties.

MCP has a Workplace Harassment and Sexual Harassment Policy and is committed to fostering a workplace environment that is free from all forms of harassment, including sexual harassment. Every employee deserves to work in a respectful and inclusive environment where their dignity and rights are protected.

MCP strictly prohibits all forms of workplace harassment and sexual harassment. Harassment includes, but is not limited to, verbal, non-verbal, physical, visual, or written conduct that creates an intimidating, hostile, or offensive work environment for an individual or interferes with their work performance. If an employee believes they have experienced or witnessed workplace harassment or sexual harassment, they are encouraged to report the incident immediately to their immediate supervisor or manager, who will in turn report the incident to one of the Executive team members. The employee may also report directly to the President depending on hierarchy of the harasser. Harassment will be subject to disciplinary action. MCP's policy includes a non-retaliation clause and treats such retaliation as a serious violation of the policy.

MCP has a Workplace Violence Policy and is committed to providing a safe and secure work environment for all employees, contractors, clients, vendors, and visitors. It is fully recognized that workplace violence is unacceptable and will not be tolerated in any form. Workplace violence refers to any act or threat of physical violence, intimidation, harassment, or any other conduct that creates a hostile or unsafe work environment with examples specifically defined for reference within the policy. Reporting procedures, investigation, disciplinary actions and confidentiality are also defined within the policy.

Suppliers with OTC (DIN, NHP) and Medical Devices provide GMP evidence for their Contract Manufacturers as required by Health Canada issuance of its licences to import. MCP has Quality Agreements with these suppliers outlining roles and responsibilities with licensable activities. MCP has longstanding relationships with its clients and frequent communication on the items being procured from them. Over the past year, MCP has issued new contracts that include a statement prohibiting clients from engaging in any instances of forced and/or child labour and is working on updating all existing clients contracts with an addendum including these

statements. The contracts also note that non-compliance may result in MCP no longer conducting business with the client.

Over the past year (FY25), MCP has implemented a formal Procurement Policy designed to promote fair, transparent, and responsible purchasing practices across its operations. The policy establishes clear roles, supplier management requirements, including documented supplier evaluation, and record-keeping processes. By standardizing procurement processes and embedding oversight into purchasing decisions, the policy enhances MCP's ability to identify, monitor, and manage supply chain risks, including potential exposure to forced and/or child labour.

Supply Chain Risk Assessment

A risk assessment over MCP's industry of operation, goods procured and countries goods are procured from has been performed over material direct suppliers. For the purposes of this report, material suppliers are those who account for at least 1% or more of MCP's total procurement spend during the 2025 fiscal year.

This risk assessment used two separate indices to conclude on the inherent risk of child and/or forced labour related to goods and countries – (1) [Walk Free's Global Slavery Index](#) and (2) the US Department of Labour [List of Goods Produced by Child Labor or Forced Labor](#).

Industry of Operations

MCP operates within the consumer packaged goods and cosmetic industries. Based on the two indices references above, neither industries has an inherent risk exposure of forced and/or child labour.

Countries of Goods Procured

Based on the findings of the two indices, China, Thailand, Turkey, and the United Arab Emirates (UAE) have been identified as countries with an inherent risk of exposure to child labour and forced labour. In contrast, Canada and the United States were identified as having lower inherent risk exposure.

Approximately 56% of MCP's imports are procured from the United States and Canada, while 18% are sourced from China. The remaining imports originate from Australia, Denmark, Japan, South Korea, Switzerland, Thailand, Turkey, the UAE, and the United Kingdom. See Figure 1 for a breakdown of procurement by country.

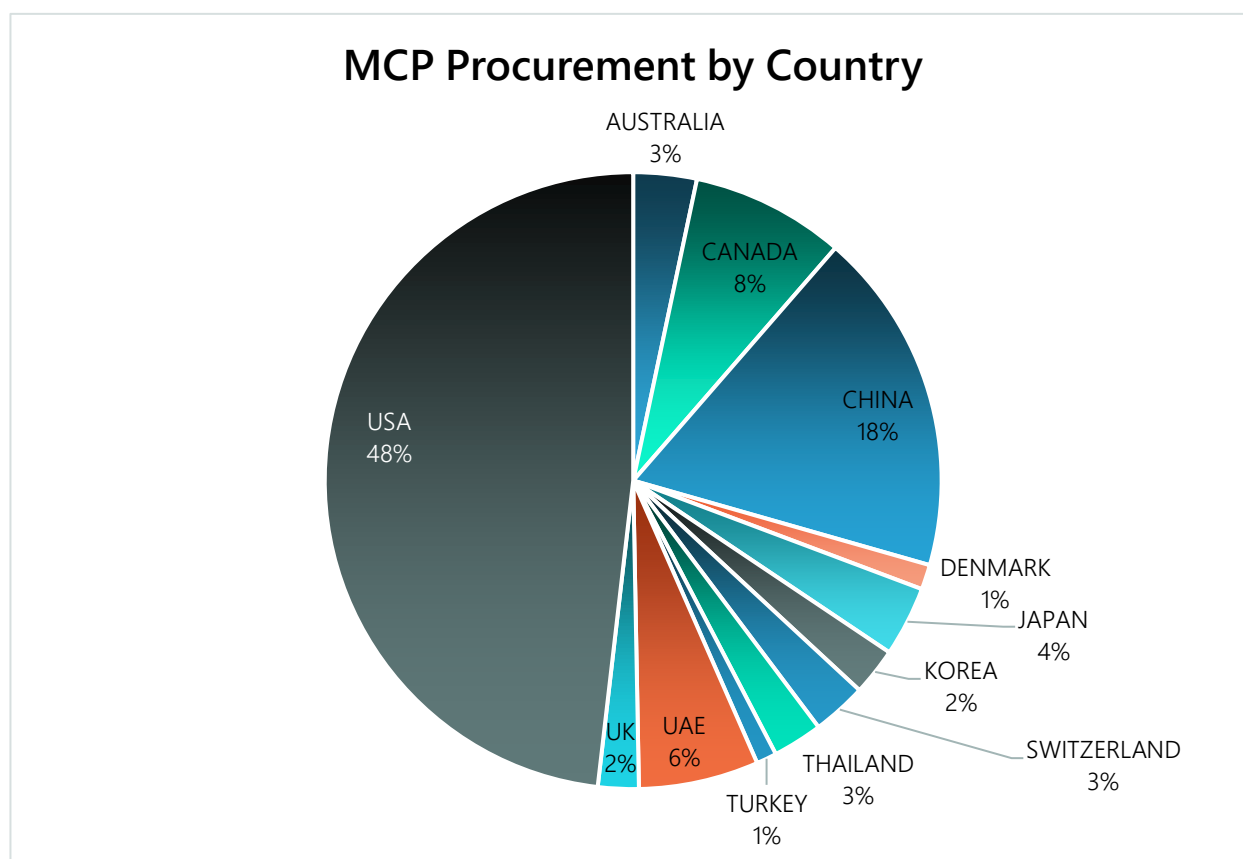


Figure 1: Summary of FY25 procurement by country.

Goods Procured

The categories of goods that MCP procures are OTC, Health and Beauty, and Cosmetics. A risk assessment of goods within these categories has been conducted and identified an initial inherent risk of forced and/or child labour among hair products and soap. In FY25, MCP procured nicotine replacement goods, which are linked to tobacco as the underlying raw material, a commodity identified as having a high inherent risk of forced and/or child labour. However, these risks are primarily associated with tobacco cultivation and leaf sourcing. In contrast, nicotine products (e.g., patches) are typically processed or pharmaceutical-grade goods

and do not involve MCP's direct procurement of raw tobacco leaf. All other remaining goods were not identified within the two indices, therefore concluding a low-inherent risk exists.

Remediation of Forced & Child labour & Vulnerable Family Income Loss

MCP continues to evaluate its supply chain for potential risks related to child labour and forced labour. To date, MCP has not identified instances of child labour or forced labour within its operations or among its suppliers. MCP also regularly reviews its procurement practices to support the ongoing application of due diligence processes, including raising awareness with suppliers where appropriate.

To further mitigate the risk of child and forced labour within its supply chains, MCP has developed a procurement policy that addresses child and forced labour considerations and has integrated these requirements into both current and future client contracts. MCP also recognizes the importance of engaging employees and vendors on these topics and has developed child and forced labour-specific policies that are being shared with clients, as noted above. These ongoing discussions aim to raise awareness and support efforts to identify and address potential risks across MCP's operations and supply chains.

Awareness Training

MCP is committed to providing regular training and education to employees on its policies to ensure they understand their rights, responsibilities, and the company's expectations for maintaining a respectful, safe, and healthy work environment. MCP has provided targeted training on Canada's legislation to combat forced and child labour to key employees with responsibilities across procurement, supply chain management, quality oversight, demand planning, and finance. This included members of senior management and operational roles with direct involvement in supplier selection, contract initiation, and product sourcing.

In FY25, MCP onboarded four additional key personnel and provided them with targeted training on modern slavery risks, including how to identify potential indicators, raise awareness, and take appropriate action where concerns arise.

MCP recognizes the importance of continuous improvement in training related to modern slavery and supply chain transparency, and will continue to assess relevant training opportunities for employees and suppliers over time.

Assessing Effectiveness

To track MCP's effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

1. Policy Review: All policies are reviewed annually by the Executive Team to ensure effectiveness and relevance.
2. Incident Reporting: Incident reporting regarding health and safety, harassment and sexual harassment and workplace violence are reviewed by the Vice President - Finance and President immediately upon receipt.
3. On-going Country of Origin Mapping: maintaining visibility into supply chain sourcing and monitoring changes in supplier relationships. This includes maintaining current records of country of origin for items within its clients' supply chains and conducting ongoing supply chain mapping to capture changes in sub-suppliers or extended suppliers.
4. Procurement Policy: MCP assesses effectiveness by embedding child and forced labour considerations from its procurement policy into client contracts, supporting consistent communication of expectations and application of due diligence measures.

Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

MCP has taken the following steps to prevent and reduce the risk of child labour or forced labour within their activities and supply chain:

1. Mapping activities: As part of this report, MCP has mapped its activities to complete a risk assessment to align with the Act.
2. Mapping supply chains: As part of this report, MCP has mapped its supply chains to complete an initial risk assessment to align with the Act.
3. Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: As part of this report, MCP has identified risks within its activities and supply chains that have inherent risks of child labour and/or forced labour.
4. Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: An external assessment of MCP's supply chain has been performed, to align with this Act.
5. Developing and implementing due diligence policies and processes for identifying, addressing, and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains: MCP has developed and implemented child and forced labour-specific due diligence measures, including the adoption of a formal procurement policy and the integration of related requirements into client contracts, as well as the establishment of supporting internal policies.
6. Developing and implementing training and awareness materials on forced labour and/or child labour: MCP has implemented training for key personnel. Those who have completed the training are encouraged to be mindful of its importance and to communicate this awareness to other employees and clients.

Attestation

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 entity listed above. 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 listed above.

Colleen McMillan

Full Name

Vice President – Operations and Client Solutions

Title

DocuSigned by:
Colleen McMillan
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Signature

5/28/2026

Date

I have the authority to bind M.C.P. McCaughey Consumer Products Management Inc.