

## **Bill S-211**

### **Supreme International Limited's Report on Modern Slavery Risks in its Supply Chain**

Report on Financial Year: **July 1, 2022 – June 30, 2023**

#### **1. Company Background Information**

Supreme International Limited started in the 1950s as Alberta Engineering Limited, changed to Alteen Distributors, and became Supreme International in 1992. The company has a long history in agricultural equipment manufacturing and has expanded its sales worldwide, including Asia, Africa, Europe, the Middle East, and the Americas. Supreme is known for introducing innovative products to North America and has gained a reputation for its high-quality Total Mixed Ration (TMR) processors, which are recognized for their reliability and performance. Today, these TMR processors are widely sold across continents, underscoring Supreme's position as a key player in the global agricultural equipment industry.

#### **2. Corporate Structure**

Supreme International Limited is a private corporation incorporated under the Business Corporation Act of Alberta. The company is structured to facilitate global operations, operating a primary manufacturing plant in Wetaskiwin, Alberta, and a parts distribution warehouse in Dodge City, Kansas. This strategic setup ensures efficient product and parts distribution across North America, and other key locations worldwide. The corporate culture is characterized by its commitment to integrity, ethical conduct, and fostering a culture where accountability is key.

#### **3. Why is the Report on Bill S-211 policy important for Supreme International Limited**

The Bill S-211, aimed at increasing industry awareness and Fighting Against Forced Labour and Child Labour in Supply Chains Act, is a crucial policy for Supreme International Limited. The company engages with an extensive network of suppliers for raw materials and components to manufacture its superior quality mixers and feed delivery products.

***Strengthening Brand Integrity and Trust*** – Supreme has built its standing as a leader in the industry by offering unparalleled product quality and performance while maintaining strong values and operational integrity. By partnering with ethical suppliers, Supreme ensures that its production process upholds its dedication to quality and ethical standards at every stage. In the digital age, where information is readily available, the impact of negative publicity from unethical supply chain practices can be detrimental. Adhering to Bill S-211 helps Supreme mitigate these risks by aligning its operations with ethical labor standards. This enhances Supreme’s brand reputation as a responsible manufacturer.

***Ensuring Ethical Supply Chains*** - Supreme sources a variety of raw materials and components, including steel, gearboxes, tires, wheels, electronic and hydraulic components, and many more, from various suppliers to produce its TMR mixers. Reviewing the current supplier practices and complying with the Bill verifies that the company's operations do not inadvertently indirectly support any form of forced labour and Child labour in the supply chain.

***Responding to Consumer Expectations*** – Today the consumer is more informed and conscious about the products they purchase and the companies they support. By ensuring suppliers adhere to legal standards, Supreme meets these responsible expectations from its consumers.

***Strategic Growth and Innovation*** - The policy encourages companies to re-evaluate and innovate their supply chain management strategies. For Supreme, this means enhancing partnerships with suppliers who adhere to ethical labor practices and investing in practices that provide greater visibility into the supply chain. These practices will lead to improved efficiency and more transparent ethical operations.

Bill S-211 is more than a regulatory requirement for Supreme International Limited; it is an opportunity to lead by example in the agricultural equipment sector, fostering a business environment that prioritizes ethical practices, transparency, and respect for human rights.

#### **4. Steps taken during last financial year to prevent and reduce the risk of forced labour and child labour prevalence in the supply chain**

During the last financial year, the company initiated a structured approach to understand and integrate the requirements of Bill S-211, aimed at preventing and minimizing the risk of child and forced labor within its supply chain.

***Policy Understanding*** - The initial step involved reading the Bill and understanding the reporting requirements. This included reviewing the policy documents to understand the policy objective and its operational implications on Supreme. The study was focused on understanding the annual reporting requirements, the details of the online questionnaire, approval and attestation obligations, and report publishing requirements. This foundational knowledge is now supporting the company in developing its internal policy frameworks and reporting mechanisms from suppliers.

***Insights into International Labour Organization (ILO) Protocol*** – As a next step, strong emphasis was placed on gaining insights into the International Labour Organization's protocols on child and forced labor. ILO's report on "Ending Child Labour, Forced Labour and Human trafficking in global supply chains." was referred to understand important data and crucial insights into the prevalence and risk factors associated with labor abuses in supply chains globally. Important findings, such as the increased contribution of child labor from regions such as Eastern and South-Eastern Asia to global exports, helped the company identify high-risk regions and industries.

***Gap Analysis and Future Planning*** – Attending webinar sessions helped Supreme perform a gap analysis of its current practices and policies against established standards and gather relevant industry best practices that could be integrated into the company's operational frameworks. This analysis identified necessary areas for improvement, including enhancing the existing company policy and the supplier due diligence process.

***Stakeholder Engagement and Policy Implementation*** - Looking ahead, Supreme plans to enhance its engagement with Tier-1 suppliers and other key stakeholders for establishing an active evaluation mechanism encompassing Forced Labour, and Child labour.

#### **5. Policies and Due Diligence Processes in relation to Forced Labour and Child Labour -**

The company does not currently have a fully established policy framework and supplier due diligence processes specifically addressing concerns related to forced labor and child labor. However, it acknowledges the importance and urgency and is currently developing a revised policy and supplier due diligence questionnaire. This is expected to be completed in the current financial year.

#### **6. Current supply chain risk mapping and management -**

Supreme procures raw materials and goods required for manufacturing from suppliers in the United States, Canada, and Europe. The supply chain risk mapping focused on examining the labor practices of the top 80 percent of suppliers. Over 95% of these suppliers are located in the United States and Canada, which is significant because both countries have robust legal frameworks that actively combat forced and child labor, enforced by the US Department of Labor and Canada's Labour Program. To map the risks associated with these 80 percent suppliers, Supreme referred to the U.S. Department of Labor's official website and checked the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor to ensure that neither the goods supplied, nor the country of supply were listed. Based on this evaluation, all these suppliers were categorized as low risk in the last financial year.

While the supply chain risk mapping is strong, Supreme seeks to implement a more thorough due diligence processes in the upcoming financial years to compliment its ongoing procurement activities. Conducting supplier trainings and online surveys is part of the plan, which would further enhance transparency, thereby reinforcing the company's commitment to ethical sourcing practices.

### **7. Training provided to employees on forced labour and child labour –**

Supreme has not conducted training for employees on forced labor and child labor in the last financial year. However, the company has plans to implement this training in the financial year 2025. This decision aligns with the company's efforts to comply with the Bill S-211 and combat forced and child labor in its supply chains. The training will be a part of the company's broader strategy to enhance compliance and ethical standards across its operations.

### **8. Remediation of loss of income –**

Supreme did not require remediation measures to be put in place for loss of income because none of the suppliers fall into the high-risk category for forced or child labor practices. This determination was based on the supply chain risk mapping that the company undertook in the last financial year.

The planned remediation measures, included in the report below (*10. Planned Remediation Measures*), supports Supreme's ongoing compliance with labor standards and serves as a preventive measure against potential future risks that could lead to situations necessitating remediation for loss of income.

### **9. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains?**

The company plans to conduct online surveys with all existing suppliers to assess their adherence to the Supplier Code of Conduct, following its implementation in the current financial year. The Supplier Code of Conduct will incorporate questions and criteria focused on labor standards and ethical practices.

Supreme will consistently monitor compliance and identify any areas for improvement. Additionally, these assessment processes will be strengthened by conducting training sessions for employees and suppliers designed to underscore the importance of adhering to labor laws and the ethical standards.

## 10. Planned Remediation Measures -

In the previous financial year, the company undertook a comprehensive approach to understand the requirements of Bill S-211 to mitigate the risks of child and forced labor in its supply chain. This included a detailed analysis of the bill, focusing on annual reporting obligations and other compliance aspects. The company also delved into the International Labour Organization's protocols and reports to identify high-risk regions and industries. Attending webinars and conducting internal reviews, Supreme conducted a gap analysis of its current practices, and identified areas for improvement. This foundational work has set the stage for upcoming strategy design and implementations aimed at enhancing supply chain transparency and supplier practices.

	Financial year 2023				Financial Year 2024				Financial Year 2025			
	2022	2022	2023	2023	2023	2023	2024	2024	2024	2024	2025	2025
[Financial Year 2023] Requirements Mapping	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Bill S-211 Policy understanding												
Insights into ILO Protocol												
Attending educational webinars												
Internal Gap Analysis												
[Financial Year 2024] Strategy Design												
Enhance existing Company Policy												
Establish the Supplier Code of Conduct												
Enhance the Supplier Qualification Questionnaire												
[Financial Year 2025] Implementation Phase												
Online Supplier survey on labor practices												
Analyze Survey findings												
Conduct Employee training												
Conduct Supplier inspection												

In the current financial year (in 2024), Supreme is strengthening its company policies related to labor practices in its supply chain to ensure compliance with Bill S-211 and improve overall corporate responsibility. A Supplier Code of Conduct is being created. This document will include and clearly define the ethical standards and labor practices that all suppliers must adhere to. The existing supplier qualification questionnaire will include specific questions aimed at assessing potential suppliers' compliance with labor laws and ethical standards.



### 13. References –

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- *Public Bill (Senate) S-211 (44-1) - Third reading - Fighting against Forced Labour and Child Labour in Supply Chains Act - Parliament of Canada*. (n.d.). <https://www.parl.ca/DocumentViewer/en/44-1/bill/S-211/third-reading>
- Public Safety Canada. (2024, March 13). *Forced labour in Canadian supply chains*.  
<https://www.publicsafety.gc.ca/cnt/cntrng-crm/frcd-lbr-cndn-spply-chns/index-en.aspx>
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