



Forced Labour in Canadian Supply Chains

Report: Bill S-211 | 2024

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FPS Food Process Solutions 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 the revenue, asset, and employee thresholds.

FPS Food Process Solutions Corp has 26 subsidiary entities, of which four subsidiaries deal in producing or importing a material portion of FPS’s resale. Most entities under the FPS parent company are service-based, inactive, or holding entities that do not meet the act’s requirement for reporting since they do not deal with goods. As a result, this report is filed disclosing information related to the parent entity and four subsidiaries. The five entities included in this filing are:

- [FPS Food Process Solutions Corp.](#)
British Columbia, Canada (parent organization)
- [FPS Food Process Solutions \(Guangdong\) Co., Ltd.](#)
Zhongshan Guangdong, China
- [FPS Food Process Solutions Europe B.V.](#)
Goes, The Netherlands
- [GEM Equipment of Oregon, Inc.](#)
Oregon, United States
- [Charlottetown Metal Products Limited](#)
Prince Edward Island, Canada

A further description of each entity is provided as part of this report.

The identified entities represent 97.2% of the annual total procurement spend. Entities excluded from the report make up the remaining 2.8% of annual procurement spend.

The threshold for determining if an entity should be included in the report is set at 1% of annual procurement spend. Any individual entity with annual procurement spend above the threshold was deemed material for Bill S-211 reporting.

This report covers FPS's financial reporting year from January 1, 2023, to December 31, 2023.

Introduction

This report is filed by FPS Food Process Solutions Corp. and on behalf of its subsidiaries (known collectively as “FPS Food Process Solutions” or “FPS”) in response to Bill S-211, a [Canadian 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).

Structure Activities & Supply Chain

Structure

FPS operates as a private corporation established in 2010. FPS is headquartered in Canada and operates manufacturing, warehousing facilities, and sales offices. The organization specializes in manufacturing equipment for the food processing industry, particularly focusing on freezing and cooling solutions. The product range includes spiral and tunnel freezers, impingement freezers, and individual quick freeze (IQF) systems, which are used to freeze a variety of food products like meat, poultry, seafood, and baked goods. They also offer customizable end-to-end systems for specific food processing needs.

FPS combine to have over 800,000 sq ft of space on six continents. All entities within the organizational structure report to FPS Food Process Solutions Corp. FPS subsidiaries share a common vision, mission, and beliefs. As a result, FPS entities have a united culture and similar corporate policies, but each entity is given the flexibility to design its operation to meet unique market conditions and customer needs.

Activities

[FPS Food Process Solutions](#), located in Canada, is a global innovator in food processing technology, offering advanced freezing and chilling systems. FPS Food Process Solutions focuses on creating efficient, sanitary, and high-quality solutions such as Spiral Freezers, IQF Tunnel Freezers, and Spiral Immersion Systems. Products are designed to optimize the entire food processing supply chain, helping customers reduce costs and enhance profitability. FPS provides comprehensive, turn-key solutions that address the most demanding challenges in the industry.

[FPS Food Process Solutions \(Guangdong\) Co., Ltd.](#) is located in China. This entity is responsible for manufacturing, sales, marketing, and servicing of FPS products.

[FPS Food Process Solutions Europe B.V.](#) is located in The Netherlands. This entity is responsible for sales, marketing, and servicing of FPS products.

[GEM Equipment of Oregon, Inc. \(GEM\)](#) manufactures custom food processing equipment, specializing in vegetables. Founded in 1968, the company found success in building customized equipment. The company has thrived in designing, building, and installing potato French Fry Fryers and Fryer Systems.

[Charlottetown Metal Products Limited \(CMP\)](#) specializes in innovative, hygienic food processing solutions. Established in 1956 and based in Prince Edward Island, CMP offers end-to-end process line solutions for the food industry, including conveyors, thermal solutions, and product handling systems. As part of the FPS Food Process Solutions family, CMP offers sustainability, energy efficiency, and automation in its equipment, with a state-of-the-art innovation center focused on advancing food processing technologies.

Supply Chain

FPS's supply chain includes both upstream and downstream components of the food equipment industry. Upstream components include material sourcing, R&D, supplier relationships, logistics and distribution. Some downstream activities include installation, equipment servicing and maintenance, and customer support.

Tier 1 Procurement Spend by Country

Nearly three-quarters of FPS’s Tier 1 procurement spend is on suppliers located in North America. China represents 15% of procurement spending. No other country makes up more than 1.5% of Tier 1 supplier spending (Table 1).

Country	Share of Tier 1 Procurement Spend
USA	44.3%
Canada	38.1%
China	14.8%
Netherlands	1.5%
All Others	1.3%

(Table 1)

Number of Tier 1 Suppliers by Location

FPS buys goods from Tier 1 vendors in 19 different countries. Most of FPS’s Tier 1 suppliers are in North America. Asia is the continent with the second-highest share of FPS vendors. The one African country represented is Egypt.

Of the 19 countries represented, 16 are located in Europe. All European countries represented are members of the European Union apart from Switzerland and the United Kingdom (Figure 1).

Tier 1 Supplier Representation



(Figure 1)

Policies & Due Diligence Processes

Policies

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FPS has a code of conduct, recruitment processes, and training designed to create an efficient workplace that satisfies clients.

The Code of Conduct touches on the following: Conflict of Interest, Conduct, Information and Property, Relations with Customers and Suppliers, Financial Responsibilities, Monitoring of Compliance, and the Means of Enforcement.

The descriptions below display internal policies that can be linked to bill S-211-related risks and describe how they support an ethical work environment.

[Conflict of Interest](#)

FPS is committed to maintaining the highest standards of integrity and objectivity. Conflict of interest situations arise when the personal interests of employees compete with those of the company, potentially leading to unethical practices. Employees must disclose all conflicts and seek approval for external engagements, ensuring transparency in all dealings, including those with suppliers to protect the company's best interest. Through this commitment to openness, FPS encourages ethical decision-making in supplier relationships. Discouraging personal interests and the acceptance of gifts helps FPS ensure that supplier partnerships are formed based on merit, good business practices, and value creation. This focus on ethical behaviour can lead to a more trustworthy supplier network, reducing the risks that could arise from compromised decisions within the supply chain.

[Conduct](#)

FPS is committed to complying with applicable laws and regulations. We strictly prohibit immoral behaviour, falsification of records, theft, and neglect of duty, all of which may lead to termination. Any abusive or threatening behaviour toward fellow employees, unsafe work practices, and the consumption of illegal substances while on duty are explicitly forbidden, as these actions can jeopardize the work environment and the safety of others. All employees are expected to adhere to applicable laws and regulations. We strictly prohibit abusive or threatening

behaviour toward other employees and unsafe work practices. With these standards, we establish a framework that discourages unethical actions, including illegal labour such as forced labour and child labour. With this policy, FPS makes its employees aware of what is deemed prohibited conduct, thereby reducing the risk of illegal behaviours performed by members of our organization.

[Relations with Customers and Suppliers](#)

FPS strives to build and maintain trust with its customers, suppliers, and contractors. We aim for customer satisfaction while attempting to avoid any misrepresentations. This policy includes procurement and tendering procedures that focus on the impartial selection of capable and responsible suppliers and ensuring compliance with laws and regulations. The policy covers monitoring systems to prevent malpractices, including bribery and fraud, and commits to paying suppliers on time and according to agreed terms of trade. FPS recognizes that upholding high ethical standards in procurement processes is essential for reducing supply chain operation risks. Our commitment to ethical practices ensures we select suppliers who align with our values, comply with their local laws, and thereby support fair labour practices. We recognize the opportunity to strengthen our procurement policies, reinforcing our commitment to mitigating the risks of forced labour and child labour within our supply chain and ensuring that the suppliers we choose uphold the highest ethical and labour standards.

[Financial Responsibilities](#)

FPS ensures transparency and accuracy in financial reporting. We provide shareholders and senior management with truthful information and maintain records in line with legal and accounting standards. False entries are prohibited, and employees must report any discrepancies, supporting our commitment to financial integrity. FPS is committed to honest disclosure of information and maintaining accurate records, which reinforces transparency in all financial transactions, including those with suppliers.

Monitoring of Compliance

FPS expects all employees to understand and comply with the Code of Conduct. Functional managers are responsible for ensuring their teams comply with these standards. FPS takes disciplinary action, including termination, for any violations of the code. Furthermore, we provide clear channels for complaints, allowing clients, suppliers, and employees to report potential breaches directly to the President for investigation and resolution. FPS's focus on compliance promotes the channels for reporting and resolving non-compliant behaviour from actors within our operations. The established channels for reporting empower stakeholders to voice issues through a transparent process that mitigates potential harm to the reporter. We will continue to strive to align our practices with legal requirements and industry best practices.

Health and Safety Policy

FPS's Health and Safety Policy outlines safety rules and addresses issues such as harassment, bullying, and discrimination. The policy provides employees with information to identify these behaviours and details the reporting channels, including relevant contact information. For transparency purposes, it defines harassment, bullying, and discrimination, leading to a shared understanding of unacceptable conduct. The policy equips employees to identify and address unethical practices, including serious concerns like forced labour and child labour, not limited to our organization but also with actors within our supply chain. By providing clear definitions of harassment, bullying, and discrimination, along with relevant channels and contact information, employees are empowered to report all unethical activities.

Due Diligence Processes

Recruiting and Hiring

From an operational perspective, FPS entities strictly adhere to local employment standards. As a condition of employment, new employees must present



documentation establishing their identity and their legal right to work. Before a new employee is hired, the candidate must follow a multi-step recruitment process consisting of applying to a public job posting, resume screening, interview(s), and onboarding process. In the onboarding process, a selected candidate must submit two pieces of government-issued ID. Information on the ID is used to verify that the candidate meets the legal requirements to work. FPS will not employ anyone who does not meet a jurisdiction's employment regulations.

Supplier Focus

FPS's Relations with Customers and Suppliers policy emphasizes fair and open competition, building long-term relationships, and establishing mutual trust. This policy also indicates that our suppliers must conduct themselves in a manner that meets the highest professional and ethical standards. Suppliers must also perform in a manner that upholds the confidence of the general public. Suppliers that breach forced and/or child labour laws will not be following FPS's Code of Conduct.

FPS's tendering and procurement processes outline five principles, two of the principles contain links to S-211-related risk. Firstly, tendering and procurement selection is based on the principle that all parties comply with laws, codes of practice, relevant regulations and contractual obligations. Secondly, the selection is based on the principle that the prospect adopts an effective monitoring system and management controls that detect malpractice, among other factors, during the procurement process.

To ensure FPS suppliers uphold acceptable standards, an FPS director performs visits to all major suppliers annually. The purpose of the visit is to inspect supplier facilities, review supplier performance, and discuss future outlook.

Supply Chain Risk Assessment

Industry of Operation

According to a 2022 report published by the International Labour Organization and Walk Free, there is an inherent risk of forced labour in industries involving the process of “transformation of products into new products”. As a company in the manufacturing industry, FPS is aware that its industry can be exposed to cases of forced labour or child labour.

Within our operations, we abide by local labour laws, which help mitigate certain labour-related risks known to the industry.

Goods Procured

A risk assessment of FPS’s goods procured, and the countries FPS procures goods from has been performed. The risk assessment used two different indices to assess the inherent risk of forced labour and/or child labour related to goods and countries — (1) Walk Free’s Global Slavery Index and (2) the US Department of Labour’s List of Goods Produced by Child Labor or Forced Labor.

FPS and its subsidiaries produce a range of equipment including Spiral Inversion Systems, Spiral Freezers and Chillers, IQF Tunnel Freezers, Impingement Tunnel Freezers, and Carton Freezers, along with our end-to-end potato processing solutions, fryers, and blanchers. In an effort to examine the far reaches of our supply chain, we have conducted a comprehensive risk assessment of the resources used in the production of equipment. While FPS does not necessarily procure all equipment materials in raw form, the analysis attempted to assess the risk of materials that go beyond tier 1 purchases.

To assess the risk of goods, FPS evaluated materials making up more than 1% of all products. It was found that

iron carries inherent risks of forced labour and/or child labour according to the US Department of Labour. FPS products are made with stainless steel, which is made from iron, therefore FPS is aware that the wider supply chain for stainless steel has inherent risks according to US Department of Labour.

Countries Which Goods Are Procured From

FPS has identified Tier 1 suppliers located in 19 different countries, with over 80% of procurement spent on Tier 1 vendors located in Canada and the United States. Of the countries FPS procures goods from, Slovakia and Romania are the only two countries that contain a moderate prevalence of forced labour in their workforce according to Walk Free’s database. Of the 19 countries, we discovered that approximately 89% of our procurement comes from countries with a lower prevalence of modern slavery, according to the Walk Free’s database.

While none of our country’s supplier locations have inherently high vulnerabilities to modern slavery, China and Egypt, are deemed to contain moderate vulnerability according to Walk Free’s index. Operating within a country with moderate inherent risk does not translate directly to FPS. FPS under takes reasonable efforts to ensure suppliers employ suitable measures to prevent forced and/or child labour. We are aware that our suppliers are likely to source goods from other suppliers in other regions, but we do not have visibility into their specific procurement practices.

Remediation and Loss of Income

FPS is in the process of understanding and evaluating our supply chain related to the risk of forced labour and child

labour. To date, there are no known instances or reports of the use of forced labour or child labour within our operations or those of our suppliers. FPS is continuing the review of procurement practices to enhance the rigour of our due diligence processes including raising awareness with our suppliers.

Awareness Training

FPS does not have training in place on the topic of forced labour or child labour specifically. However, we offer annual training courses to our employees to enhance awareness of pertinent issues. These training modules cover a range of topics including safety rules, workplace harassment, workplace bullying, and discrimination. Training helps foster a culture of respect and wellness, safety, and inclusion. By recognizing and addressing these issues, employees become more vigilant and sensitive to signs of exploitation, making it less likely for instances of forced labour and child labour to go unnoticed or unreported.

FPS acknowledges the importance of improving employee training concerning forced labour and child labour. As part of our commitment to ethical practices, we will be assessing relevant training programs for our staff in the foreseeable future.

Assessing Effectiveness and Next Steps

To track FPS's effectiveness of procedures to mitigate the

risk of forced labour and child labour, the following mechanisms are currently being reviewed:

FPS Activities

1. **Total harassment incidents:** FPS has zero tolerance for workplace harassment. All claims made regarding harassment will be reported to the direct Supervisor, Manager, Human Resources department, or President including a thorough investigation and action plan to resolve the issue in a timely manner.
2. **Employee training:** FPS will begin to evaluate different training programs specific to risks of forced and child labour. FPS will also assess the audience who will require S-211-related training and track completion metrics to ensure training needs are met.
3. **Policy Governance:** FPS will continue to monitor the contents of and employee compliance with the Code of Conduct and review identified policies on an as-needed basis.

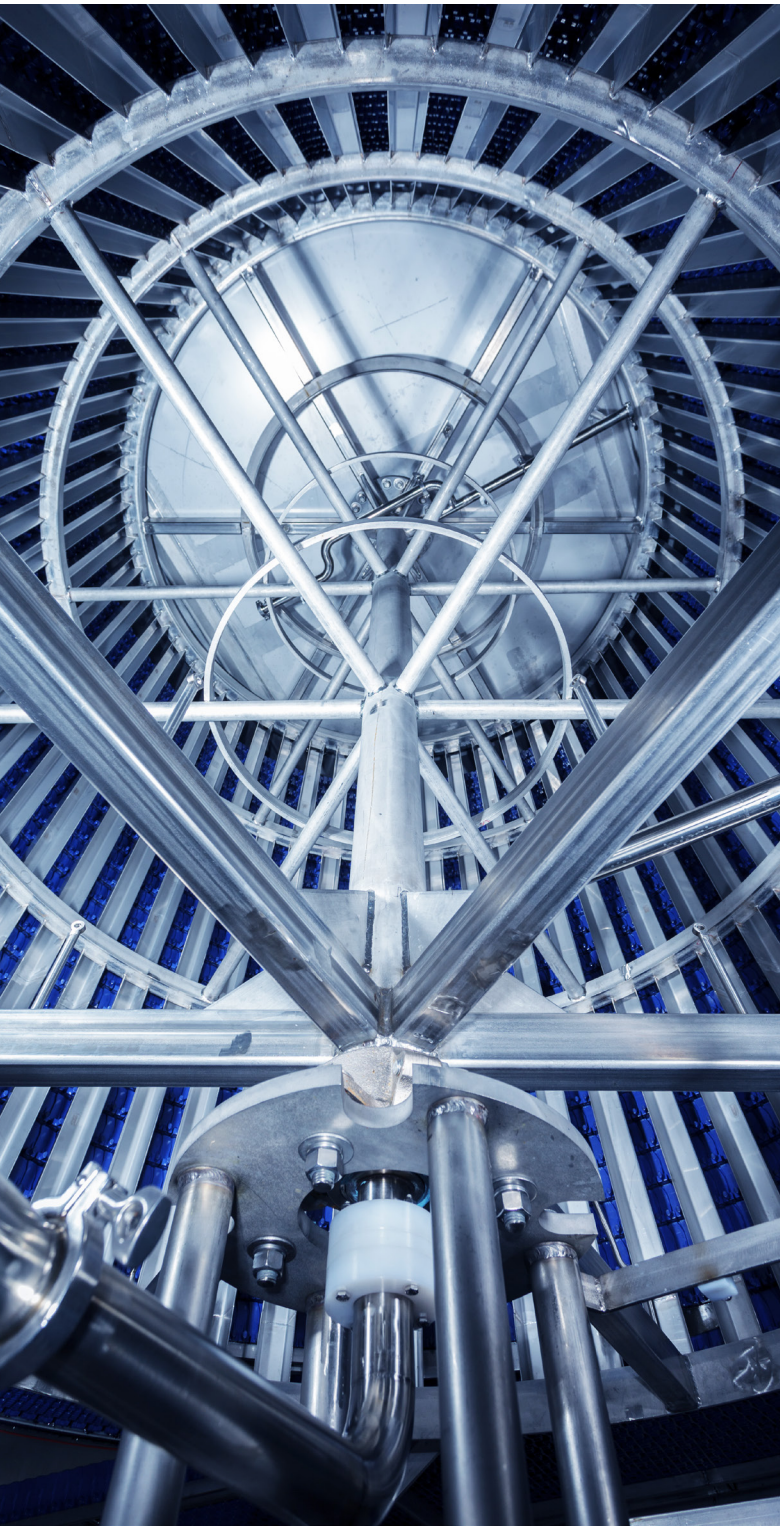
Supplier Activities

1. **Purchase Orders:** FPS has identified the opportunity to draft clauses to be put within POs regarding zero tolerance for forced labour and child labour. The clause's wording can be designed to identify the outcomes or disciplinary action should an instance of forced labour or child labour be reported or discovered by FPS.
2. **Supplier Evaluation:** FPS will evaluate the implementation of supplier performance monitoring. For any implemented supplier evaluation processes, record keeping for the frequency of performance monitoring be kept in a centralized system to ensure accountability.
3. **Supplier Governance:** Elements of our procurement processes and supplier operations will be assessed as required.

FPS is committed to increasing awareness of modern slavery as a human rights violation and refining internal processes to ensure greater global consistency and

alignment with best practices.

As part of this effort, FPS will begin evaluating processes to enhance supplier visibility, evaluate targeted education and training for select FPS roles and regions, and seek closer collaboration with our clients to better coordinate all tiers of our industry's supply chain.



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 or entities 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.

Handwritten signature of Jeffrey Chang in black ink.

Signature

Jeffrey Chang

President, FPS Food Process Solutions Corporation