

***FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN  
SUPPLY CHAINS ACT***

**ANNUAL JOINT REPORT  
MAY 28, 2023, TO MAY 25 MAI, 2024**

**PORTEFEUILLE SOUCY INC.**

**SOUCY BARON INC.**

**SOUCY INTERNATIONAL INC.**

**SOUCY TECHNO INC.**



## 1. Introduction

This report was prepared jointly for Portefeuille Soucy inc., Soucy Baron inc., Soucy International inc. and Soucy Techno inc. (collectively referred as "Soucy") in response to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (hereinafter the "Act") for its fiscal year ending May 25, 2024.

Soucy recognizes the importance of managing the risks of forced labour and child labour in its activities and is committed to continuously improve its due diligence, risk assessment, remediation, and training processes.

## 2. Organizational structure, activities, and supply

Portefeuille Soucy inc. is a holding company incorporated in 1999 under the *Quebec's Business Corporations Act*. It does not engage in the production, sale, or distribution of goods, nor in the import of products manufactured outside Canada, and therefore has no supply chain.

Portefeuille Soucy inc. owns 100% of the shares of Soucy Baron inc., Soucy International inc. and Soucy Techno inc. and exercises control over these three entities within the meaning of the Act. These four entities carry on business in Canada and operate in the following locations, among others:

- Portefeuille Soucy inc. (Head Office) – 5450 rue Saint-Roch Sud, Drummondville (Qc) J2B 6V4
- Soucy Baron inc. (Head Office) – 851 rue Baron, Saint-Jérôme (Qc) J7Y 4E1
- Soucy International inc. (Head Office) - 5450 rue Saint-Roch Sud, Drummondville (Qc) J2B 6V4
- Soucy International inc. (Soucy Track Systems unit) - 5450 rue Saint-Roch Sud, Drummondville (Qc) J2B 6V4
- Soucy International inc. (Soucy Powersports unit) - 5450 rue Saint-Roch Sud, Drummondville (Qc) J2B 6V4
- Soucy International inc. (Soucy Rubber Tracks unit) – 5195 rue Richard, Drummondville (Qc) J2E 1A9
- Soucy Techno inc. (Head Office) – 2550 Chemin Saint-Roch S, Sherbrooke (Qc) J1N 2R6

### Soucy Baron inc.

Soucy Baron inc. is a business corporation incorporated in 1995 under the *Quebec's Business Corporations Act*. Its business activities include the manufacture of raw rubber, rubber parts and rubber-molded metal parts, making the company a leader in the development and integration of elastomer solutions for its customers. To obtain supplies, the company imports raw materials and parts as described hereafter.

Soucy Baron inc. sources its finished parts from Shanghai Soucy Rubber Co. Ltd, a subsidiary of Portefeuille Soucy inc., as well as from a number of manufacturers in China (and Vietnam). Shanghai Soucy Rubber Co. Ltd manufactures its products from pre-mixed elastomer solutions or assembles prefabricated rubber parts by sourcing directly from manufacturers on the eastern coast of China and in Vietnam.

Soucy Baron inc. also sources raw material from producers for natural rubber, and from manufacturers for synthetic rubber, which are located worldwide. Other materials such as carbon black and fillers like silica

come from the United States, while calcium carbonate is sourced from Quebec. For elastomer solutions, Soucy Baron inc. is supplied by Soucy Techno inc. and other Canadian distributors.

Metal inserts are also required in their production line, and these are sourced from manufacturers on the east coast of China and in Canada.

#### Soucy Techno inc.

Soucy Techno inc. is a business corporation incorporated in 1984 under the *Canada Business Corporations Act*. Its business activities consist of developing customized recipes for polyethylene-based rubber compounds and color concentrates. The company imports raw materials and parts as described below.

Soucy Techno inc. sources both natural and synthetic rubber. Natural rubber is purchased directly from producers in Côte d'Ivoire while synthetic rubber comes from Germany, Brazil, or Mexico. As for the main ingredients mixed with rubber, carbon black is purchased directly from manufacturers in China, India, and North America while fillers such as silica and calcium carbonate are purchased directly from manufacturers in the United States and Canada (Québec).

For its polyethylene-based color concentrate recipes, Soucy Techno inc. buys polyethylene granules directly from manufacturers in the United-States.

#### Soucy International inc.

Soucy International inc. is a business corporation incorporated in 1973 under the *Quebec's Business Corporations Act*. Its business activities are divided into 3 units: *Soucy Track Systems*, *Soucy Rubber* and *Soucy Powersports*. The company imports parts as described below.

*Soucy Track Systems* designs and assembles complete rubber track systems and other structures for industrial, recreational, agricultural and defense vehicles. This unit sources its rubber tracks and various components from Soucy subsidiaries and other suppliers.

*Soucy Rubber* designs and molds rubber tracks for the industrial, recreational, agricultural and defense sectors. This unit also sources wiring systems from suppliers in China, South Korea, the United States and Finland.

*Soucy Powersports* designs and manufactures parts for recreational vehicles. The Drummondville plant sources its plastics from suppliers located mainly in the United States and Canada, or subcontracts parts to manufacturers on the East Coast of China and in Vietnam.

### **3. Steps to prevent and reduce the risks of forced labour and child labour**

During its fiscal year ending May 31, 2024, Soucy took the following measures to prevent and reduce the risk of forced labour or child labour in its operations and supply chain:

- Revision of Soucy's *Code of Ethics*. The Code of Ethics addresses issues relating to the protection of human rights in employment, including the prevention of harassment and discrimination in the workplace, as well as health and safety.
- Implementation of the policies and procedures listed below with respect to Soucy employees and activities.
- Audits conducted by Soucy, at the request of its customers, on its suppliers and manufacturers, particularly regarding their compliance with regulations on the prevention of forced labour by Uyghurs,

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) or other relevant regulations.

Further details on the activities are provided in the following sections of this report.

#### 4. Due diligence policies and procedures

Soucy has adopted a *Code of Ethics* that sets out clear expectations for ethical business behavior and articulates the company principles and values, which include valuing the uniqueness of each individual. The *Code of Ethics* applies to Soucy's employees, suppliers, and partners, as well as to other third parties who deal with the organization. It outlines expectations regarding the protection of human rights in the workplace, preventing harassment and discrimination, and ensuring occupational health and safety.

Soucy has adopted a Workplace Harassment Prevention Policy, which stipulates that no form of harassment is to be tolerated in the workplace. The company firmly condemns any attack on the dignity or physical and psychological integrity of its employees and has set up a formal process for reporting breaches within its structures. The Employer must not only take the necessary measures to prevent and stop harassment, but must also investigate concerns, complaints, and incidents promptly, impartially and in accordance with the principles of confidentiality to protect the employee who is subject to harassment.

In addition, Soucy has implemented health and safety programs to ensure compliance with applicable occupational health and safety, human rights, and employment standards legislation throughout its operations. A policy on employee health, safety, and well-being at work states that occupational health and safety is a fundamental social responsibility and a priority for the company.

Soucy recognizes the importance and responsibility of not compromising the well-being of people affected, directly or indirectly, by its activities.

Regarding its supply chain, Soucy assesses its suppliers and manufacturers for compliance with various standards and regulations. Soucy has significant control over its supply chain, given the local presence of its subsidiary in China, established over 20 years ago, and its subsidiary in Vietnam, whose activities it controls:

##### **China: Purchasing Offices**

- Soucy Rubber Co., Ltd.
- Canada Soucy International inc. Changzhou Representative Office
- Dalian Soucy Industry & Technology Development Co., Ltd.

##### **Vietnam:**

- Soucy Vietnam Company Limited

The three purchasing offices conduct supplier audits on an ongoing basis. These audits aim to ensure the qualification and regular monitoring of suppliers to comply with quality standards and working conditions. The facilities of the most critical suppliers in terms of business volume are visited weekly by employees of the Asian subsidiaries. Other suppliers are visited several times a year. This continuity allows Soucy to gain an overview of its suppliers' business practices and their alignment with Soucy's Code of Ethics.

## 5. The risk of forced labour and child labour

Soucy employees in Canada are bound to the company by employment contracts. The jurisdiction of Quebec offers a very strict regulatory framework with respect to workers' rights and their health and safety in the workplace. As a result, the risk of forced labour or child labour in Soucy's current operations in Quebec is very low. Moreover, Soucy remains committed to conducting regular audits to ensure compliance with good ethical practices and employee rights.

Soucy has not identified any risk of forced labour or child labour in its business relations with suppliers. Soucy recognizes that the production of components and the manufacture of certain parts or equipment could involve risks in terms of working conditions, but this manufacturing takes place in territories where laws to prevent forced labour and child labour are in force.

Soucy is committed to doing business with suppliers who implement best practices and go beyond the legal minimums in their countries of origin. For example, employees of subsidiaries in Asia enjoy benefits that go beyond Chinese laws, such as health care allowances.

In the Shanghai region where the company operates, well-established laws on employment, working hours and health and safety protection are in force. The risk of forced labour and child labour in the company's operations is low.

Soucy pays attention to known risks depending on the industries and origins of the goods it buys. For example, rubber production is an industry that can present risks in terms of forced labour and child labour, but Côte d'Ivoire has a regulatory environment that includes many protections for workers. The region is not on the list of natural rubber-producing countries identified by the United States' Bureau of International Labor Affairs as being at risk of forced labour or child labour. Nevertheless, Soucy recognizes that the mere existence of legislation cannot guarantee absolute prevention. Soucy intends to reinforce its current due diligence and control measures to mitigate the risks of forced labour and child labour.

## 6. Remedial measures and compensation for lost income

Soucy promotes the reporting of any breaches of its policies and has a formal reporting process in place. In the event of a human rights violation within Soucy's operations, measures are taken to prevent and stop such violations, but concerns, complaints and incidents are also investigated in a prompt, impartial and confidential manner.

To date, Soucy has not received any complaint relating to forced labour or child labour in its operations or supply chain and has therefore not taken any remedial or compensatory action.

## 7. Employee training

Soucy offers its new employees integration training that is customized to their role within the company. It also offers its employees training in corporate values, ethics and occupational health and safety. As of May 25, 2024, Soucy had no employee training to raise awareness of forced labour and child labour in its supply chain.

## 8. Evaluation and efficiency

Soucy has not yet put in place a process to evaluate the effectiveness of its approach to prevent and mitigate the risks related to forced labour and child labour in its supply chain.

## 9. Approval and certification

In accordance with the requirements of the Act, and in particular Article 11 thereof, I hereby certify that I have examined the information contained in the report for the company or companies listed above. To the best of my knowledge and having exercised due diligence, I hereby certify that the information contained in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reference year mentioned above.

Signed at Drummondville, Quebec, this 5<sup>th</sup> day of July, 2024.

  
Chantal Soucy, Vice President

I have the authority to engage Portefeuille Soucy inc.