

# **FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR 2023 REPORT**

## **I. INTRODUCTION**

This report (“Report”) is produced by Audio Enhancement, Inc. (“AE” or “Company”), for the year ending December 31, 2023, pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Act”). This report is the first report prepared by AE pursuant to the Act. This Report to be updated and published at least annually.

AE is in the business of selling audio and visual equipment for schools for children aged K-12. AE has developed industry-leading products with a focus of maximizing learning for every student. Further, AE has a well-defined set of core values and commitments. With these foundation values, including the pursuit of excellence, high performance, and accountability, AE aims to demonstrate our values in the way we conduct business each and every day.

Modern slavery is a complex issue and AE regularly reviews its policies and procedures that take a multifaceted approach to identify, prevent and reduce the risk that forced labour or child labour was used in any step of its supply chain.

### **Forced Labour and Child Labour Definitions**

Under the Act, “forced labour” and “child labour” are defined as follows:

Forced Labour means labour or service provided or offered to be provided by a person under circumstances that: (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or (b) constitute forced labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

Child Labour means labour or services provided or offered to be provided by persons under the age of 18 years and that: (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada; (b) are provided or offered to be provided under circumstances that are mentally, physical, socially or morally dangerous to them; (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or (d) constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.

## II. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

AE considers its suppliers to be important and valued business partners. AE deals with both local and global suppliers.

AE has not identified any forced labour or child labour in its activities or supply chain; however AE recognizes that the greatest risk exposure to forced labour and child labour is through our suppliers.

## III. POLICIES AND DUE DILIGENCE PROCESSES

AE recognizes the significance of eradicating forced labour and child labour from its supply chains. In alignment with the Act, AE aims to implement comprehensive measures to identify, mitigate and prevent instances of forced labour and child labour in its supply chains through the following initiatives:

- (a) **Supply Chain Mapping:** AE aims to conduct a thorough mapping of its supply chains to identify high-risk areas where forced labour and child labour may occur. This mapping exercise will aim to encompass all tiers of the supply chain, including suppliers and subcontractors.
- (b) **Supplier Due Diligence:** AE further aims to implement a robust due diligence process to assess the labour practices of each of its suppliers. This may include evaluating supplier's internal policies, conducting on-site audits, and engaging in dialogue with suppliers to address any identified issues.
- (c) **Worker Empowerment:** AE recognizes the importances of empowering workers within its supply chains and aims to establish a mechanism for workers to report grievances and concerns anonymously. Additionally, AE may provide additional training and capacity-building initiatives to its employees to enhance awareness of labour rights among workers.
- (d) **Collaboration and Partnerships:** AE actively collaborates with industry peers, non-governmental organizations, and governmental agencies to share best practices and collaborate on collective efforts to combat forced labour and child labour.

For the purposes of this Report, AE has reviewed the Act to help identify the potential impact and assess the effectiveness of any steps taken and to be taken to address the risks of forced labour and child labour.

Ultimately, AE is committed to preventing forced labour and child labour throughout its business. Throughout this process development and implementation pursuant to the Act, AE seeks to gain visibility into our suppliers' compliance and efforts to eradicate modern slavery.

AE imparts its expectations on its employees as administered by the AE Human Resources department. Generally, the employee training is reviewed and updated on a rolling or annual basis, depending on need, and will be updated to ensure compliance with the Act.

AE only engages with reputable suppliers that are expected to uphold industry standards of compliance including, but not limited to, all applicable laws, rules and regulations, wage and hour laws, unlawful labour practices (e.g., forced labour and child labour), and engaging in its products process in a safe manner.

Further, despite the low to minimal risk of modern slavery in AE's supply chain, AE is committed to: (i) engaging in due diligence with its suppliers to promote ethical labour practices, and (ii) ensuring compliance with all applicable law and regulations, including with the Act.

AE is continuing to take steps to minimize risk by conducting a review of its current supplier network. Through this review, AE is aiming to reduce or eliminate the potential of forced labour or child labour in its supply chain.

In the coming year, AE plans on expanding its review of its supply chain by:

- Enhancing due diligence and risk management activities related to key sustainability issues, such as forced labour and child labour;
- Ongoing mapping of its supply chain with suppliers who have directly contracted with AE for higher-risk suppliers;
- Building out AE's processes and policies for preventing forced labour and child labour in the supply chain, which may include implementing and updating: (i) procurement policies, and (ii) the processes related to supplier due diligence, onboarding, and compliance;
- Implementing and updating internal educational training; and
- Updating supply chain contract templates for language that prohibits forced labour and child labour.

More work is underway internally to monitor supplier activities efficiently and effectively with respect to modern slavery, and AE's risk assessment as set out in this section may change as more information becomes available through AE's ongoing review and diligence.

#### IV. STEPS TO PREVENT AND REDUCE RISK

Although AE's exposure to possible forced labour and child labour risks is considered low, the nature of our business requires procuring supplies and materials from different suppliers. AE strives to always conduct its operations in compliance with applicable laws and regulations. Risks in the AE supply chain arise from limited visibility into our suppliers' supply chains.

Further, AE is considering the following requirements or actions to allow greater visibility into the supplier supply chain: enhanced contractual terms and/or terms and conditions, supplier or manufacturer certifications and/or questionnaires, site visits, third party inspections, or termination of the relationship. AE's intention is to engage with suppliers

on issues of addressing forced labour and child labour. The intention behind the supplier contracts will be to help demonstrate the suppliers' commitment to compliance. Part of the steps taken by AE to accomplish greater visibility to the appropriate supply chains will include a review and analysis of current policies, procedures, and contractual clauses related to issues of identifying and addressing forced labour and child labour.

While the information in this Report represents the current known risks and actions undertaken by AE, more work is underway to monitor supplier activities as well as higher-risk categories and countries that may change in the future as we learn more. In 2023, there were no issues found concerning forced labour or child labour issues. AE will continue to monitor, review, and build out its internal and external mechanisms to help address issues of forced labour and child labour.

## V. TRAINING

AE has mandatory and optional trainings that it provides for all levels of employees. These trainings include but are not limited to matters that address workplace behaviour and a commitment to the highest level of standards by AE.

AE is in the process of exploring more specialized, in-person training sessions to continue to foster a culture that helps increase awareness and address potential issues of forced labour and child labour across all facets of our operations and supply chain.

## VI. ASSESSING EFFECTIVENESS

Identifying and working toward assessing effectiveness of the policies and procedures implemented will require continued internal commitment and communication as well as relationships with third parties. As AE continues to build out internal and external mechanisms for itself and third parties, it will conduct a review and/or audit of the policies and procedures related to forced labour and child labour. Doing so, will help track relevant performance indicators, such as employee awareness, number of cases reported, non-compliance mechanisms triggered, and number of contracts with relevant forced labour and child labour clauses.

As discussed in this Report, we used our strong value-oriented foundation to help guide us towards preventing and reducing forced labour and child labour risk in our supply chains. We will work towards taking additional active steps to help assess the effectiveness of the internal and external mechanisms we introduce.

## VII. REMEDATION

As of December 31, 2023, AE has not faced situations of forced labour or child labour. Therefore, AE has not had to remedy and/or rectify as much. If any such situation is identified, AE will work to develop and implement a corrective plan to improve and/or remedy in a prompt manner.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act for the reporting year listed above.

I have the authority to bind AE.

A handwritten signature in black ink, appearing to read "Jennifer Crum". The signature is fluid and cursive, with the first name "Jennifer" written in a larger, more prominent script than the last name "Crum".

Jennifer Crum (CFO)

May 31, 2024