



## Report on Prevention of Forced Labour and Child Labour

For Groupe Solotech Inc. and Solotech Inc.  
Procurement Department

Fiscal Year ending on February 24, 2024

# Report on Prevention of Forced Labour and Child Labour

## 1. Overview

Groupe Solotech Inc. and its affiliates (collectively, “Solotech”) are firmly committed to respecting the fundamental rights of all individuals, including the right to work free from any form of coercion, exploitation, or duress and to upholding high standards of ethical conduct, responsibility, transparency, and respect for human rights within its operations and supply chains. Modern slavery encompasses various forms, including forced labour, child labour, human trafficking, and other forms of contemporary exploitation, often involving violations of basic human rights. Solotech acknowledges the global challenge of modern slavery and is dedicated to preventing these abuses within its operations and supply chains.

This report focuses on steps undertaken by Solotech during its fiscal year ending on February 24, 2024, to prevent and reduce risks of forced labour and child labour in its operations and supply chains (the “Report”) and is made pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (S.C. 2023, c.9) (the “Act”).

## 2. Structure, Business Activities and Supply Chains

### Structure

Groupe Solotech Inc. is a holding company incorporated under the *Quebec Business Corporations Act*, operating worldwide under different entities. Its activities in Canada are carried out exclusively by its subsidiary, Solotech Inc. also incorporated under the *Quebec Business Corporations Act*. Solotech Inc. is the only other entity within its group subject to disclosure obligations under the Act.

This Report is a joint report filed by Groupe Solotech Inc. on behalf of itself and Solotech Inc.

### Business Activities

Founded over 45 years ago, Solotech boasts a workforce exceeding 700 individuals within Canada and a global team exceeding 2,000 employees. This structure underscores Solotech's commitment to delivering unparalleled expertise and services both domestically and internationally. Solotech delivers over 1,500 projects on an annual basis and has approximately 10,000 clients worldwide.

Solotech’s activities take place predominantly in Canada, the United States, the United Kingdom and Germany. Solotech works with a wide variety of organizations for a broad range of goods and services, which are primarily commercial, corporate, and live events related, but also to meet specialized requirements for integrated projects. Solotech engages in the following two core businesses:

- Live Productions Division: Provides rental of technical equipment (audio, video, lighting and rigging) for live event productions, including touring shows, festivals, TV shows and corporate events, virtual solutions, consulting services and design services; and
- System Integration Division: Provides sales and integration of systems (audio, video, lighting and communication systems) namely for businesses and institutions, entertainment and Hospitality and House of Worship.

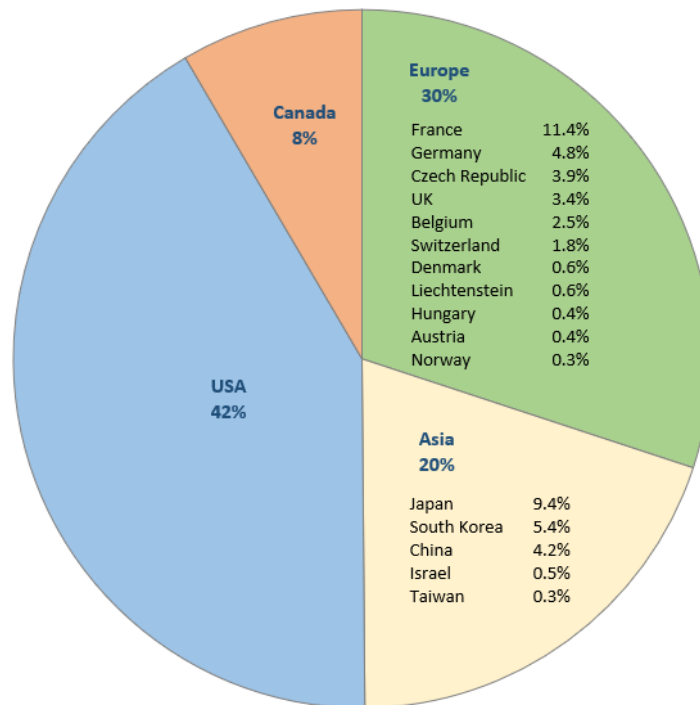
## Supply Chains

Solotech's supply chains span globally, encompassing a network of 75 main manufacturers to source high-quality components and equipment essential for its operations. Leveraging strategic partnerships with reputable suppliers, Solotech ensures access to cutting-edge technology and innovative solutions that meet the demands of its selective clientele.

Solotech annually procures a significant volume of tangible goods, notably electronic products for both its divisions. These acquisitions mainly originate from reputable providers. Among the range of electronic equipment sourced, Solotech acquires speakers and other audio equipment, displays and projectors, monitors and screens, amplifiers, cameras and lighting equipment, alongside with other vital components crucial for its audiovisual solutions.

Solotech's procurement activities are multifaceted, relying on two primary methods to acquire goods. Firstly, Solotech engages in procurement from suppliers who import the goods. This method involves sourcing products from external suppliers who handle the importation process, providing Solotech with a diverse range of goods from various locations.

In its previous fiscal year, the majority of tangible goods acquired by Solotech (but not imported by Solotech), namely 80%, were acquired from 75 different brands. The diagram below provides a visual representation of Solotech's acquisition of goods in its previous fiscal year, illustrating the territorial distribution from which these brands are headquartered. Of these brands, 50% are headquartered in North America, while 30% are headquartered in Europe, and the remaining 20% are headquartered in Asia. This representation provides an overview of the geographical distribution of Solotech's sourcing activities and highlights the global nature of its supply chains.



Secondly, Solotech also procures goods from suppliers or manufacturers where Solotech assumes responsibility for the importation process. In these instances, Solotech takes charge of importing the goods, which may involve managing customs procedures, transportation logistics, and regulatory compliance. This portion accounts for approximately 20% of all Solotech's purchases made from Canada.

In Canada, Solotech imports goods from 19 different countries, mainly from the United States, Germany, France and United Kingdom. Similarly, the country of origin for the goods Solotech imports also spans across 19 different countries. A significant portion of imported goods, accounting for 24%, originate from the United States, followed closely by goods originating from China, which account for 19% of the imports, followed by 6% from Belgium and 5% from Canada, with the remaining originating from 15 other countries.

### **3. Policies and Due Diligence Process**

The following policies and procedures implemented by Solotech aim to minimize the risks associated with forced labour and child labour in its supply chains. These measures apply to both Solotech and its other subsidiaries. They reflect Solotech's commitment to sustainable practices, respect for human rights and the promotion of a safe and inclusive environment for all employees and workers throughout its operations and supply chains.

#### **3.1 Modern Slavery Prevention Policy**

In April 2024, Solotech has developed and adopted a Modern Slavery Prevention Policy to outline Solotech's commitment to (i) combating and preventing modern slavery, including forced labour and child labour, (ii) ensuring compliance with laws and regulations, (iii) providing awareness training, and (iv) encouraging the reporting of any suspected cases of forced labour across its operations and supply chains.

Compliance with this policy is mandatory for all parties involved in any business activity with Solotech, including employees, suppliers, contractors, service providers, and partners. Any potential breach of this policy may be subject to review by Solotech, investigation and eventual further action, such as withdrawal of assignment, termination of contract or termination of employment.

#### **3.2 Responsible Procurement Policy**

This policy aims to guide Solotech's purchasing practices towards ethical, sustainable, and socially responsible decisions by ensuring goods and services are sourced from suppliers who adhere to ethical labor practices, environmental sustainability, and social responsibility. By prioritizing ethical sourcing, environmental stewardship, and social equity, the policy helps mitigate risks, enhance reputation, and align procurement processes with Solotech's values and commitments. Through compliance with regulations, cost savings, and efficiency gains, this policy contributes to long-term viability while promoting fair labor practices, environmental conservation, and community engagement throughout the supply chains.

This policy is currently under review to include ESG considerations as well as steps to be taken to reduce the risk of modern slavery in Solotech's supply chains.

### **3.3 Code of Conduct**

Solotech's Code of Conduct applies to employees at all levels, as well as to all permanent and temporary employees and subcontractors, in all countries and at all Solotech locations. The Code of Conduct specifies the fundamental principles and standards of behavior expected in all Solotech's activities outlining expected conduct and ethical principles to promote a positive and respectful workplace culture. It provides employees with explicit guidelines for conducting business ethically in their interactions with customers, colleagues, and the public. It helps uphold Solotech's values, principles, and legal obligations, fostering trust among stakeholders, maintaining integrity, and mitigating risks related to misconduct, discrimination, harassment, and unethical behavior. Additionally, it provides a framework for decision-making and guides employees in navigating ethical dilemmas, ultimately contributing to a harmonious and productive work environment. Each employee, manager and officer are required to certify that they have read and adhere to the Code of Conduct, to underline their commitment to the principles and standards it sets out.

### **3.4 Standard Contract Provision to be included in Terms and Conditions**

Solotech has developed a new clause to be included in the terms and conditions of its supply purchase orders which stipulates that: (i) suppliers must adhere to all applicable laws and regulations relating to modern slavery; and (ii) Solotech may terminate the applicable purchase order(s) in the event Solotech has reason to believe that the supplier is not complying with its obligations under any applicable laws and regulations relating to modern slavery. This standard clause will be incorporated into Solotech's supply terms and conditions.

## **4. Parts of the Business that Carry Risks of Forced Labour or Child Labour**

In the year 2024, Solotech has commenced a preliminary mapping of its supply chains to evaluate the potential risk of forced labour and child labour. Given the complex nature of global supply chains, which often present traceability challenges, some areas of risk have been identified but Solotech is aware that this work needs to continue in order to fully identify definitive areas of risk.

Following its preliminary assessment, Solotech has identified that its main risk of exposure to forced labour and child labour comes from its supplier network, particularly in sectors and geographic areas that present a higher risk. Many electronic products purchased by Solotech are manufactured and assembled in South-East Asian countries, particularly China, where labour protections may not match those in Canada, increasing the risk of potential involvement in forced and child labour practices.

At the local level, among its employees, Solotech considers the risks to be null as all of its employees are hired in accordance with applicable Canadian laws and pursuant to its policies and procedures governing recruitment, working conditions and ethical treatment of employees.

## 5. Remediation Measures to Prevent and Reduce the Risks of Forced Labour and Child Labour

Solotech has not yet finalized its risk assessment of its supply chains, but no evidence of forced or child labour has been identified. Therefore, no remedial action was taken in the previous fiscal year. Solotech is committed to continuing its assessment process throughout 2024 and beyond, with the aim of further analyzing and addressing supply chain risks as they arise.

For the time being, Solotech has undertaken several initiatives which are at an embryonic stage, but which will be pursued in the next fiscal year. These initiatives include the following:

### Due Diligence Questionnaire for Key Suppliers

Solotech has started working on a due diligence questionnaire specifically designed to assess labour and human rights risks in its supply chains. This questionnaire will be used as its main risk assessment tool. Solotech will assess its key suppliers against pre-established criteria and selected key suppliers will be invited to complete the questionnaire. The criteria for determining which suppliers will be subject to the questionnaire are currently being evaluated by Solotech, but the following elements will be considered: the quantity and value of goods imported into Canada through this supplier, the supplier's specific sectors of activity, the countries in which this supplier operates, as well as the presumed countries of origin of the materials used to produce the goods.

### Identification of Preferred Suppliers

A supplier rationalization exercise was initiated to reduce the number of suppliers utilized overall by identifying "preferred" suppliers to concentrate the majority of transactions towards these preferred suppliers.

The preferred suppliers are chosen based on quality, reliability, cost-effectiveness, and alignment with Solotech's values and strategic objectives. By designating preferred suppliers, Solotech aims to streamline procurement processes, foster long-term partnerships, and leverage economies of scale to achieve efficiencies in sourcing and supply chain management.

### Supplier Relationship Management Initiative

As part of Solotech's due diligence process with its suppliers, a supplier relationship management initiative is under development. This initiative will focus on fostering transparent, collaborative, and ethical partnerships with suppliers to ensure adherence to labour standards, Solotech codes and policies and mitigate the risk of exploitation.

Specifically, the initiative would enable periodic reviews of Solotech's preferred suppliers, allowing to assess their performance, transparency of their processes, and adherence to Solotech Responsible Procurement Policy and other applicable codes and policies. Through these reviews, Solotech will be able to identify areas for improvement, address any issues promptly, and promote continuous enhancement of labor standards within its supply chains. Ultimately, this proactive approach not only mitigates the risk of forced labor and child labor but also fosters sustainable and responsible business practices.

## **6. Remediation of Loss of Income to Vulnerable Families**

During the reporting period, Solotech did not identify any case of forced labour or child labour in its supply chains, and as a result, no remedial actions were taken. Should Solotech discover any instances of non-compliance, Solotech will promptly initiate the development of a corrective action plan aimed at enhancing and rectifying the issue.

## **7. Training Provided to Employees**

No specific training on prevention of forced labour and child labour was provided to employees in the previous fiscal year. Solotech is in the process of developing, with an external firm, training and e-learning materials which will be mandatory for designated employees involved in procurement activities and personnel recruitment.

Nevertheless, Solotech took proactive steps to initiate action to implement these requirements by creating a task force comprising representatives from various departments within the company, including procurement, legal, human resources, and marketing. This working group conducted research and organized meetings to circulate information among the team and plan the next steps required to ensure the policies and future training are aligned with Solotech's values and legal requirements under the Act.

## **8. Assessment of Effectiveness**

In 2023 and early 2024, Solotech focused primarily on the mapping of its supply chains to identify potential risks and began preliminary implementation of targeted initiatives aimed at mitigating the risk of forced or child labour within its operations and supply chains. As these processes remain at an early stage, Solotech is not currently in a position where the effectiveness of these measures can be assessed but Solotech remains committed to achieving this outcome.

## 9. Approval and Attestation of the Board Members of Groupe Solotech Inc.

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 or entities 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.

This Report was approved by the Board of Directors of Groupe Solotech Inc. on May 21, 2024.

I have the authority to bind Groupe Solotech Inc. and Solotech Inc.

Per: 

Martin Tremblay  
President and CEO  
May 29, 2024





Worldwide locations

**Canada | United States | Europe | Asia**

Montreal • Los Angeles • Las Vegas • Miami • Toronto • Calgary • Halifax • London • Manchester • Hong Kong  
Quebec City • Saguenay • Ottawa • Nashville • Orlando • Pensacola • Birmingham • Macau • Frankfurt

**Solotech.com**