

MADISON VENTURE CORPORATION & AEL HOLDING LTD.

ANNUAL REPORT ON MODERN SLAVERY

FINANCIAL YEARS ENDED NOVEMBER 30,
2023 AND AUGUST 31, 2023

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1. Introduction

Regulatory Compliance Overview:

The Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "**Act**") mandates that entities disclose the measures they have implemented over the fiscal year to mitigate the risks of forced and child labour (collectively, "**modern slavery**") in their operations and supply chains. This is a joint report prepared for Madison Venture Corporation ("the **Company**" or "**Madison Venture Corp**") and its subsidiary, Ael Holdings Ltd. ("**Ael**"), (jointly referred to as "we," "us," or "our"), which are required to publish and report under the applicable act. It covers the Company's fiscal year ending November 30, 2023, and Ael's fiscal year ending August 31, 2023, detailing the actions taken by the Company and Ael beginning in fiscal 2023 and into fiscal 2024 to address these critical issues. Ael has controlling ownership in Arrow Speed Controls Ltd., which is also required to publish and report under the Act. Arrow Speed Controls Ltd. has published and reported separately from Ael and the Company.

About the Businesses:

Madison Venture Corporation has experience across a variety of industries and competencies. A diversified holding company with varied interests and investments, the Company spans industrial, commercial, and residential real estate, industrial automation, service, media, and business information. The Company's interests range from wholly-owned and controlled investments to partnerships and joint ventures and minority positions in non-core businesses.

Ael is a holding company with no operations, supply chains, or employees.

Commitment Statement:

Madison Venture Corporation and Ael are dedicated to the ethical and responsible conduct of our businesses, and we strongly discourage and do not endorse modern slavery in our business and supply chains. We are committed to aligning our practices with the Act to uphold human rights and dignity.

Report Scope:

This joint report outlines the efforts undertaken by Madison Venture Corporation and Ael Holdings Ltd. beginning in fiscal 2023 and into fiscal 2024 to mitigate the risk of forced and child labor within their operations and across their supply chains, both within and beyond Canada's borders.

2. Company Structure and Supply Chains

Organizational Structure:

Madison Venture Corporation serves as the parent organization for Ael Holdings Ltd. Under this structure, Madison Venture Corporation provides strategic oversight, ensuring unified corporate governance standards. This framework supports our commitment to maintaining high ethical standards and operational excellence, particularly in addressing compliance with the Act.

Supply Chain Overview:

Madison Venture Corporation is the corporate parent and provides IT hardware and related services to certain of its portfolio businesses. Among its 75 suppliers in fiscal 2023 and into fiscal 2024, the primary ones furnish services such as insurance, IT, recruiting, legal, accounting, and consulting. Supporting Arrow's domestic operations, its supply chain relies on long-term relationships with suppliers, all of whom are located in North America.

Ael Holdings Ltd. has no operations or employees and does not engage with direct or indirect supply chains.

3. Company Policies

Madison Venture Corp is committed to ethical business practices, including embedding human rights considerations into our policies, governance framework, and decision-making, as detailed in the subsequent sections:

Policies:

For fiscal 2023, the Company did not have formal policies to address modern slavery. However, in fiscal 2024, the Company implemented efforts to mitigate the risks of modern slavery, supported by the following policies. These policies establish baseline expectations and reinforce the company's values and objectives.

Company Policy

The following is a summary of the Company's *HR1.39: Forced Labour and Child Labour* policy:

The Company is committed to ensuring that workers have the right to choose employment freely, without threats to their safety. We seek to do business with entities that do not engage in forced or child labor. Compliance with Bill S-211 requires reporting on measures to prevent and reduce the risk of forced and child labor.

Suppliers must follow employment standards, labor laws, non-discrimination, and human rights legislation. Supplier contracts include terms related to compliance, ensuring alignment with these principles. The Company is dedicated to upholding human rights, dignity, and ethical practices, aiming to contribute to the eradication of forced and child labor for a sustainable and equitable future.

- **Due Diligence**

No due diligence processes were in place during the 2023 fiscal year; however, beginning in fiscal 2024, the Company solicited information from certain suppliers regarding their adherence to guidelines and processes that support ethical business practices and combat modern slavery. Through our *Bill S-211 Vendor Risk Assessment*, we ask suppliers to detail their controls, policies, and training aimed at identifying, mitigating, and addressing risks of forced and child labor within their operations and supply chains, including:

- › Modern Slavery Risk Controls
- › Formal Modern Slavery Policy
- › Modern Slavery Training Programs
- › Supply Chain Mapping and Risk Analysis
- › Incident Reporting and Mitigation
- › Insurance and Compliance
- › Quality Assurance
- › Safety and Human Rights Compliance

4. Assessing and Managing Risk

In fiscal 2023, the Company did not formally assess or manage the risk of modern slavery across our workforce, operations, and supply chains. However, starting in fiscal 2024, the Company began addressing modern slavery risks in these areas, as detailed in the subsequent sections:

Assessing and Managing the Risks of Modern Slavery:

The Company evaluated the potential risks of modern slavery across three key areas, as described below:

- **Among the Company's workforce:** The Company believes that the risk of modern slavery among its employees is low. Human Resources and EHS managers oversee and enforce our employment standards and safety protocols. This dedicated team ensures compliance with local, provincial, and federal labor laws and conducts regular training sessions on workplace safety. Additionally, the Company has implemented proactive third-party

compliance checklists and internal audits, as well as thoughtful hiring practices that include background checks and verification processes to further mitigate any risk of modern slavery within our operations.

- **Within the Company's Operations:** The Company is committed to transparency and ethical practices. Regular reviews are conducted to ensure compliance with employment standards and safety protocols, as well as to identify and address any potential risks related to modern slavery. Our proactive approach includes engaging with employees through open communication channels to report unethical practices without fear of retaliation.

Moreover, the Company engages EHS and HR professionals who, in part, verify these employment factors within our operations:

- › Facilities comply with applicable employment standards, including minimum age requirements.
 - › Labour is voluntary, ensuring that workers are not coerced into employment.
 - › Working hours align with local laws and standards, promoting fair labour practices.
 - › Workers are properly compensated according to legal and industry norms.
 - › Facilities adhere to health and safety laws and regulations, safeguarding worker well-being.
 - › Workers are not exploited.
- **Within the Company's Supply Chains:** Madison Venture Corp conducted a risk assessment of our suppliers, prioritized based on fiscal 2023 expenditure. This proactive measure utilized supply chain mapping for our direct vendors, almost entirely located within Canada or the United States. None of these suppliers were flagged for risks when checked against the U.S. Department of Labor's ILAB [list of suspect goods and source countries](#).

Our exposure to the risk of forced labour and/or child labour increases when we do not have visibility of the indirect suppliers in our supply chain. Given the complexities of assessing risks associated with direct suppliers, over whom the Company have limited control and visibility, we acknowledge the necessity of adopting specific supplementary measures. These measures, detailed in the next section, aim to enhance our oversight and management of such risks.

Measures Implemented:

For fiscal 2023, the Company did not formally assess or manage the risks of modern slavery across our workforce, operations, and supply chains. However, policies and practices implemented in fiscal 2023 indirectly addressed these issues:

- **Oversight and Management:** The Company engages an Environmental, Health, and Safety (EHS) manager and a Human Resources (HR) manager. These roles are crucial in maintaining compliance with employment laws, conducting training sessions, and overseeing workplace safety, all of which help minimize the risks of modern slavery.

Starting in fiscal 2024, Madison Venture Corp began implementing specific measures to address modern slavery risks directly. These measures, detailed in the subsequent sections, build on our existing policies and enhance our oversight and management of such risks across our workforce, operations, and supply chains.

- **Commitment and Policies:** The Company formalized its commitment to addressing modern slavery with its Policy (*HR1.39: Forced Labour and Child Labour*, included above) and *Bill S-211 Vendor Risk Assessment*.
- **Proactive Communication and Supplier Assessment:** Beginning in fiscal 2024 and based on data from fiscal 2023, the Company proactively communicated with our most relevant direct suppliers, ranked by location and goods purchased categories. We distributed a letter and an assessment tool, as outlined in our *Bill S-211 Vendor Risk Assessment* document. This initiative aimed to ensure that our suppliers comply with government requirements to prevent and mitigate the risks of modern slavery within their operations and supply chains.
- **Due Diligence and Verification of Suppliers:** Beginning in fiscal 2024, and based on data from fiscal 2023, the Company requested its most relevant suppliers to acknowledge, complete, and sign off on our *Bill S-211 Vendor Risk Assessment*. This was an integral part of our risk assessment process. The document asks suppliers to verify and describe their procedures and controls for identifying, investigating, and mitigating any risks of modern slavery within their operations and supply chains.
- **Training:** Although our employee training in fiscal 2023 did not include dedicated materials addressing forced or child labor, in fiscal 2024, the Company has begun developing a training program focused on Bill S-211 compliance. This program aims to raise awareness about the risks of forced and child labor in our operations and supply chains.

5. Remediation Actions

In the last fiscal year, no modern slavery issues were identified within the Company's operations or supply chains. Consequently, no remedial actions were taken to remediate any forced or child labour, nor any measures to remediate the loss of income to the most vulnerable families resulting from any such action. Starting in fiscal 2024, we have initiated assessments, and so far, no issues have been identified.

6. Effectiveness Assessment

Beginning in fiscal 2024, the Company has implemented measures, detailed in this report, designed to reduce the risk of modern slavery within the Company's activities and supply chains. While the Company consistently evaluates the effectiveness of its initiatives through established governance and reporting structures, a formal assessment of our effectiveness in ensuring that forced labor and child labor are not being used in our business and supply chains was not conducted in the reporting period. This documentation is expected to be developed and may be included as part of the Company's ongoing action plan to address and mitigate the risks of modern slavery.

7. Approval and Attestation

In accordance with paragraph 11(4)(b)(ii) of the Act, this report has been reviewed and approved by the Boards of Directors of Madison Venture Corporation and Ael Holdings Ltd. This report is also available on our company website at <https://madison.ca/>.

On behalf of the board of directors of Madison Venture Corporation and not in my own personal capacity or on behalf of any other entity, and in compliance with the Act, specifically section 11, I hereby attest that I have reviewed the information contained in this report for the listed entities. Based on my knowledge and after exercising reasonable diligence, I confirm that the information provided in this report, insofar as it relates to Madison Venture Corp and Ael Holdings Ltd. only, is true, accurate, and complete in all material respects for the purposes of the Act for the reporting year noted above.

I have the authority to bind Madison Venture Corp and Ael Holdings Ltd., included in this report.

/s/ John DeLucchi

John DeLucchi, FCPA, FCA

Madison Group | President and CEO