

Report on Preventing Child Labor in the Supply Chain

Compliance with Canadian Bill S-211

Company Name: VIRA Insight, LLC

Report Year: 2023

Period Beginning: January 1, 2023

Period Ending: December 31, 2023

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Executive Summary

VIRA Insight, LLC (“VIRA”) is committed to maintaining the highest standards of ethical conduct and integrity in all areas of our operations, particularly concerning our supply chain. This commitment is underscored by our strict adherence to policies that prevent the use of child labor. This report outlines our ongoing efforts, findings, and strategic improvements aimed at eliminating child labor from our supply chain, ensuring compliance with Canadian Bill S-211.

Commitment to Ethical Practices

Our company upholds a zero-tolerance policy towards child labor and is dedicated to ensuring that all aspects of our supply chain, from sourcing and labor practices to final production, are free from child exploitation. This policy is aligned with international labor standards and reflects our commitment to human rights and corporate social responsibility.

Recent Findings and Areas for Improvement

Through our latest compliance audits and risk assessments, we have identified critical areas where our practices can be strengthened to ensure more robust enforcement of our child labor policies:

1. Training and Education on Vendor Onboarding Processes:
 - Issue Identified: Employees hired after July 1, 2021, have not been consistently trained on the international onboarding process for new vendors. This process is crucial for vetting suppliers and ensuring they meet our strict no child labor standards.
 - Planned Improvements: Implement a comprehensive training program for all new and existing procurement staff by [Specific Date], which will cover our vendor onboarding protocols and compliance requirements. This program will include periodic refreshers to keep our team updated on the latest standards and practices.
2. Timeliness and Frequency of Social Compliance Audits:

- Issue Identified: Some factory reports have exceeded the 24-month policy window for social compliance audits. This lapse could risk non-compliance with our child labor policies and affect the integrity of our supply chain.
- Planned Improvements: Revise our audit scheduling processes to ensure all factory audits are conducted within the stipulated 24-month period. We will introduce a tracking system to automatically alert our compliance team two months before an audit is due, ensuring no gaps in audit frequency.

Future Commitments

VIRA is dedicated to continuous improvement in our fight against child labor. We are committed to the following goals:

- Strengthening our internal processes for compliance monitoring and vendor audits.
- Enhancing training programs to cover all aspects of child labor prevention.
- Engaging with external stakeholders, including suppliers, NGOs, and industry partners, to broaden the impact of our child labor policies.

This report demonstrates our resolve to not only continue these practices but also to set benchmarks within the industry for preventing child labor. We are committed to transparency and accountability throughout our supply chain and will keep our stakeholders informed of our progress.

Introduction

Purpose of the Report

This report is prepared in compliance with the Canadian Bill S-211, which mandates that companies operating in Canada must disclose efforts to prevent and reduce the risk of child labor in their supply chains. The purpose of this report is to outline [Your Company Name]'s policies, actions, and ongoing commitments to eradicate child labor in all its forms within the business operations and its supply chain. This document serves to affirm our ethical stance and detail the systematic approach we take to ensure compliance with both national and international standards concerning child labor.

Scope of the Report

This document covers the activities of [Your Company Name] within the fiscal year [Year], focusing on the supply chains involved in [describe the general types of goods or services, e.g., clothing manufacture, electronics components, etc.]. It includes an assessment of risks, a review of practices and policies instituted by the company, and a forward-looking plan addressing identified gaps in our current system. The geographical scope of this report includes all regions where [Your Company Name] operates and sources its materials, specifically in countries identified as high-risk in terms of child labor incidents.

Regulatory Framework

Bill S-211 requires all entities conducting business in Canada to report on the presence of child labor in their supply chain and the measures taken to prevent it. This aligns with [Your Company Name]'s commitment to the United Nations Global Compact, the International Labour Organization's conventions on child labor (No. 138 concerning the minimum age for admission to employment and No. 182 concerning the prohibition and immediate action for the elimination of the worst forms of child labor), and other relevant international human rights protocols.

Reporting Framework

The methodology of this report follows a structured compliance framework designed to meet both the legal requirements set forth by Bill S-211 and the ethical standards expected

by our stakeholders. The report integrates findings from internal audits, third-party verifications, and feedback from various stakeholders, including workers, local communities, and non-governmental organizations (NGOs).

Company Commitment

VIRA firmly believes that child labor is a grievous violation of human rights and is dedicated to its elimination. We are committed to implementing rigorous policies and procedures that ensure our products are ethically sourced and that all partners and suppliers adhere to our strict standards against child labor. This report not only reflects our ongoing efforts to combat child labor but also our resolve to continually improve our practices to uphold and respect human rights universally.

Company Overview

Founded in 1996, VIRA Insight, LLC has established itself as a leader in providing innovative solutions for retail environments. Headquartered in Lewisville, Texas, VIRA specializes in the design, manufacture, and deployment of retail fixtures, displays, and environments that enhance customer experiences and optimize product presentation.

Products and Services

VIRA Insight offers a comprehensive range of products and services designed to meet the diverse needs of the retail industry:

- Custom Fixtures and Displays: Tailored solutions that range from modular and flexible systems to bespoke, brand-centric fixtures designed to enhance product visibility and consumer interaction.
- Engineering and Prototyping: Utilizing advanced technologies and materials to create prototypes that help visualize and refine product concepts before full-scale production.
- Manufacturing: State-of-the-art manufacturing capabilities, including metal, wood, and acrylic fabrication, combined with high-quality finishing services to produce durable and attractive retail fixtures.
- Logistics and Deployment: Comprehensive logistics solutions that ensure timely and accurate delivery and installation of retail fixtures across North America.

Market Reach and Capabilities

VIRA Insight operates a robust manufacturing and global sourcing infrastructure with facilities totaling over 500 thousand square feet, which includes a significant presence in both the United States, China, Vietnam (Summer 2024), and India (Fall 2024). This multi-national presence is strategic in providing efficient, scalable, and cost-effective solutions to clients across North America.

Sustainability Commitment

Understanding the impact of retail solutions on the environment, VIRA Insight is dedicated to sustainability. We strive to minimize our ecological footprint through innovative designs that reduce material waste and energy consumption. Our commitment extends to using recyclable materials and sustainable practices throughout our design, manufacturing, and delivery processes.

Key Clients and Industries Served

VIRA Insight proudly serves a wide array of clients ranging from small and trending to some of the largest and most recognized retail chains in North America. Our solutions cater to multiple sectors within the retail industry, including electronics, apparel, cosmetics, and food and beverage, enhancing the shopping experience through superior craftsmanship and innovative designs.

As VIRA continues to grow and evolve, our focus remains on fostering long-term client relationships through unmatched industry expertise, reliability, and a relentless pursuit of excellence in the retail fixture industry. Our dedication to innovation, quality, and service excellence makes us a preferred partner in creating retail environments that captivate and engage customers.

Policy Statement on Child Labor

VIRA Insight, LLC (“the Company”) upholds the highest standards of integrity and social responsibility. This Policy Statement on Child Labor (“the Policy”) underscores our unwavering commitment to combating child labor throughout our operations and supply chain. This policy articulates our actions to detect, prevent, and eliminate child labor practices and ensures compliance with Canadian Bill S-211, the United Nations Global Compact, the International Labour Organization’s (ILO) Conventions, and all applicable local and international laws.

I. Purpose

The purpose of this Policy is to:

- Establish clear prohibitions against child labor within the Company and its supply chain.
- Set forth processes to identify, assess, and mitigate risks of child labor.
- Define roles and responsibilities within the Company to enforce this Policy.
- Demonstrate the Company’s commitment to human rights and ethical labor practices.

II. Scope

This Policy applies to all business units, employees, and third-party partners of VIRA Insight, LLC, including suppliers, contractors, and subcontractors. It covers all aspects of our operations and supply chain management processes.

III. Definitions

- **Child Labor:** Work by children that deprives them of their childhood, potential, and dignity, which is harmful to physical and mental development. It refers to work that:

- Is mentally, physically, socially, or morally dangerous and harmful to children; and
- Interferes 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.
- Minimum Age: The age for admission to employment should not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years (14 years in certain developing countries as specified by the ILO).

IV. Policy

1. Prohibition of Child Labor:

- The Company prohibits the use of child labor in all its operations and supply chain. No worker shall be employed at an age younger than the minimum age of employment or the age for completing compulsory education.

2. Identification and Risk Assessment:

- We will conduct regular risk assessments to identify any activities or processes within our supply chain that might expose us to the risk of child labor practices.

3. Monitoring and Compliance:

- Implement robust monitoring mechanisms to ensure compliance with this Policy through internal audits and third-party audits, especially within high-risk areas or sectors.
- Any violations of the Policy will result in immediate corrective actions and sanctions, including terminating contracts with suppliers who fail to comply.

4. Supplier and Contractor Compliance:

- All suppliers and contractors are required to adhere to this Policy as a part of their contractual obligations with the Company.

- Suppliers must provide full transparency of their operations and those of their subcontractors.
5. Training and Awareness:
- Regular training on this Policy and the importance of human rights will be provided to all employees, especially those in supply chain management and procurement departments.
 - Awareness programs will be conducted regularly to ensure that the Policy is understood and enforced at all levels within the Company.
6. Reporting and Whistleblower Protection:
- Employees and external stakeholders are encouraged to report any suspected violations of this Policy through established reporting mechanisms.
 - The Company guarantees that whistleblowers will be protected from retaliation, and all reports will be handled confidentially.

V. Responsibilities

- Senior Management is responsible for the approval, implementation, and oversight of this Policy.
- Human Resources Department will administer training and maintain compliance records.
- Compliance Officer(s) will handle the investigation of any reported cases of child labor and the enforcement of compliance measures.
- Procurement and Supply Chain Managers will ensure that all suppliers and contractors adhere to this Policy through rigorous vetting and monitoring processes.

VI. Review and Amendments

This Policy will be reviewed annually and amended as necessary to reflect changes in law, company operations, or in response to any identified incidents of child labor.

Risk Identification and Assessment

VIRA employs a robust framework for identifying and assessing risks related to child labor in our supply chain. This proactive approach ensures that potential risks are recognized early and managed effectively, safeguarding against child labor practices and maintaining compliance with our ethical standards and legislative requirements.

1. Risk Assessment Framework

- **Initial Screening:** We conduct an initial risk screening of all potential suppliers to identify any red flags related to child labor practices before they enter our supply chain. This screening includes a review of the supplier's past compliance records, reputation in the industry, and operational regions known for child labor risks.
- **Regular Updates:** The risk assessment framework is reviewed and updated bi-annually to incorporate new data, emerging trends, and changes in international labor laws or standards. This ongoing update ensures our processes remain relevant and robust.

2. Methodology

- **Data Collection:** Comprehensive data collection from various sources, including industry reports, local NGOs, and government publications, to understand regional and sector-specific risks.
- **Risk Categorization:** Potential risks are categorized by their nature (legal, reputational, operational) and impact (high, medium, low) on the company. This categorization helps prioritize response strategies and resource allocation.
- **Stakeholder Engagement:** Regular engagement with local stakeholders, NGOs, and community organizations to gain insights and ground-level intelligence on potential risk factors associated with child labor.

3. Risk Analysis Process

- **Qualitative and Quantitative Analysis:** Utilize both qualitative insights from stakeholder interviews and quantitative data from industry reports to assess the likelihood and impact of identified risks.
- **Supply Chain Mapping:** Detailed mapping of our supply chain to identify critical points where the risk of child labor is most pronounced, particularly in high-risk countries or sectors.

4. Key Risk Areas

Based on recent assessments of period **beginning January 1, 2023 and ending on December 31, 2023**, two primary areas for improvement have been identified:

- Lack of Employee Training on New Vendor Onboarding Processes:
 - Risk: Employees hired after July 1, 2021, were not adequately trained on the international onboarding process for new vendors. This gap in training increases the risk of inadvertently partnering with suppliers that do not comply with our child labor policies.
 - Mitigation Strategy: Implement a mandatory training program for all procurement-related employees that covers the legal and ethical standards expected of our suppliers. This program will be updated annually and required for all new hires within the first month of employment.
- 2. Outdated Social Compliance Audits:
 - Risk: Social compliance audits for some factories were not conducted within the required 24-month period, as stipulated by our policy. This oversight may

delay the detection of non-compliance issues, including child labor practices.

- Mitigation Strategy: Introduce a comprehensive audit tracking and notification system that alerts the compliance team six months before an audit is due. This system will ensure all audits are conducted on time and in accordance with our strict guidelines.

5. Monitoring and Review

- Continuous Monitoring: Implement real-time monitoring systems that provide ongoing visibility into the operations of our suppliers. This includes the use of technology to track key compliance indicators.
- Regular Review and Adjustments: The risk assessment processes and strategies will be reviewed quarterly to adapt to any new challenges or findings from recent audits. This regular review helps to refine our strategies and enhance the effectiveness of our risk mitigation measures.

6. Reporting and Transparency

- Internal Reporting: Detailed risk assessment reports are compiled annually and after every major audit, highlighting key risks and the status of mitigation strategies.
- External Transparency: We maintain transparency with all stakeholders, including shareholders, customers, and regulatory bodies, by publicly sharing our risk assessments and mitigation measures through our annual sustainability and compliance reports.

This section on Risk Identification and Assessment demonstrates VIRA 's systematic approach to understanding and mitigating the risks associated with child labor in our supply chain. Through detailed risk analysis, continuous monitoring, and proactive mitigation strategies, we ensure adherence to our child labor policies and maintain the highest standards of ethical practice. This commitment to rigor and transparency not only

strengthens our compliance but also supports our corporate reputation for social responsibility.

Steps Taken to Prevent Child Labor

VIRA is dedicated to ensuring that all aspects of our business and supply chain are free from child labor. We employ a comprehensive strategy to prevent child labor practices, which includes meticulous processes for verification, monitoring, and corrective actions. These steps are designed to uphold our commitments under Canadian Bill S-211, international labor standards, and our corporate ethics.

1. Supplier Standards and Contracts

- **Anti-Child Labor Clauses:** All supplier contracts explicitly prohibit the use of child labor, aligning with the ILO Minimum Age Convention (No. 138) and the Worst Forms of Child Labor Convention (No. 182). These clauses mandate suppliers to comply with minimum age laws and ensure adequate verification of age before employment.
- **Contract Compliance:** Suppliers must demonstrate their adherence to these standards through transparent documentation and periodic reporting. Failure to comply results in stringent penalties, including termination of the contract.

2. Due Diligence Processes

- **Initial Screening:** Suppliers are required to pass an initial due diligence screening that assesses their labor practices before they enter our supply chain. This includes checks specifically designed to uncover any use of child labor.
- **Regular Audits:** We conduct regular audits of suppliers' facilities to verify compliance with our child labor policy. These audits are carried out by internal teams and third-party auditors specializing in labor rights.
- **Risk Assessment:** Continuous risk assessments are performed to identify areas in the supply chain that might be vulnerable to child labor practices. These assessments help in prioritizing audit and monitoring efforts.

3. Monitoring and Reporting

- **Continuous Monitoring:** Our compliance team monitors supplier practices regularly, using a combination of scheduled and surprise audits.
- **Incident Reporting System:** We have established a robust incident reporting system that allows employees, suppliers, and third parties to anonymously report any breaches of our child labor policy.
- **Corrective Action Plans:** If child labor is identified, immediate action is taken to rectify the situation. This includes working with the supplier to return the child to school, providing support for their education, and implementing strict measures to prevent future incidents.

4. Capacity Building and Training

- **Supplier Education:** We provide training and resources to suppliers on the importance of labor laws and the specifics of our child labor prohibition practices to ensure they understand and can implement these standards effectively.
- **Employee Training:** All employees, especially those involved in procurement and supply chain management, receive regular training on our child labor policies, identification and prevention techniques, and methods for reporting violations.

5. Stakeholder Engagement and Collaboration

- **Partnerships:** We collaborate with NGOs, local communities, and other businesses to strengthen our efforts against child labor. These partnerships help extend our impact beyond our immediate supply chain.
- **Industry Initiatives:** VIRA Insight, LLC participates in industry initiatives aimed at eradicating child labor globally. We share practices, learn from others, and continuously improve our processes.

6. Legal Compliance and Policy Review

- **Adherence to Laws:** We keep abreast of national and international legal developments related to child labor to ensure our policies and practices comply with all applicable laws and regulations.
- **Annual Policy Review:** Our child labor policy is reviewed annually, or as needed, to incorporate new legal requirements and insights gained from our monitoring and auditing processes. This review helps us stay aligned with best practices and strengthen our preventive measures.

Through these steps, VIRA not only complies with legislative requirements but also demonstrates our ethical commitment to protecting children across our operations and supply chain from exploitation. We remain vigilant and proactive in our efforts to identify, prevent, and eliminate any form of child labor in alignment with our corporate social responsibilities and values.

Monitoring and Compliance

VIRA Insight, LLC is committed to rigorous monitoring and compliance practices to prevent child labor in our supply chain. Our approach is proactive and systematic, ensuring that all standards are met and any deviations are corrected promptly and effectively.

1. Monitoring Techniques

- **Regular Audits and Inspections:** We conduct scheduled and unscheduled audits of our suppliers to ensure compliance with our child labor policies. These inspections are carried out by both internal auditors and external third-party firms, providing an impartial and comprehensive assessment of supplier practices.
- **Continuous Surveillance:** Our compliance team employs various monitoring techniques including on-site visits, interviews with workers, and review of employment records and practices at supplier facilities to ensure no child labor laws are violated.
- **Technology-Enabled Monitoring:** We leverage technology such as digital reporting tools and surveillance systems to enhance transparency and real-time monitoring capabilities.

2. Social Compliance Audits

- **Frequency of Audits:** To maintain high standards of compliance, social compliance audits are required to be performed every 24 months on all suppliers. These audits are critical in identifying not just child labor but also other social compliance issues such as working conditions, health and safety practices, and wage laws compliance.
- **Third-Party Auditors:** Audits are conducted by reputable third-party compliance companies, such as Intertek, which specialize in meticulous compliance checks and validation against international standards. These independent audits help ensure unbiased assessments and foster trust in our compliance processes.
- **Audit Process:**
- **Pre-Audit:** Suppliers receive a checklist that outlines all the requirements and standards against which they will be assessed.
- **During Audit:** Auditors visit supplier sites unannounced to review documents, inspect facilities, and interview staff and workers anonymously to gather comprehensive insights into the operational practices.
- **Post-Audit:** A detailed report is provided outlining any discrepancies, and suppliers are required to rectify any issues within a stipulated timeframe.

3. Compliance Metrics

- **Key Performance Indicators (KPIs):** We use specific KPIs to measure the effectiveness of our child labor prevention efforts, including audit pass rates, number of violations found, resolution times, and training completion rates among our suppliers.
- **Compliance Scorecards:** Suppliers are evaluated on a compliance scorecard which includes detailed performance metrics. This scorecard is reviewed quarterly to assess supplier adherence to our policies.

4. Reporting Mechanisms

- **Internal Reporting:** Compliance officers and site managers are required to submit regular reports detailing compliance status and any issues identified during monitoring activities.
- **External Reporting:** Compliance reports are also prepared for external stakeholders, including clients, regulators, and industry bodies, to maintain transparency and accountability.
- **Whistleblower Protection:** Our whistleblower policy ensures that employees, suppliers, and other stakeholders can report violations anonymously without fear of retaliation. All reports are taken seriously and investigated promptly.

5. Corrective Actions and Continuous Improvement

- **Immediate Response:** Any findings of non-compliance, especially relating to child labor, prompt immediate corrective actions. This may include additional training, changes in management practices, or stronger oversight.
- **Long-Term Improvements:** Based on audit findings, we implement systemic changes to our processes and policies to prevent future violations. This includes enhancing supplier selection criteria, updating training programs, and refining our oversight mechanisms.
- **Collaboration with Suppliers:** We work closely with our suppliers to ensure they have the necessary resources and knowledge to comply with our policies. When non-compliance issues are identified, we provide guidance and support to help suppliers implement corrective actions effectively.
- **Review and Update of Practices:** Our policies and practices are regularly reviewed and updated based on the latest compliance standards and audit outcomes. This iterative process ensures our practices remain at the forefront of industry standards and legislative requirements.

This comprehensive Monitoring and Compliance section ensures that VIRA Insight, LLC not only identifies and rectifies compliance issues promptly but also maintains a cycle of continuous improvement in its efforts to prevent child labor in its supply chain. Through these detailed and systematic processes, VIRA demonstrates its commitment to upholding the highest standards of social responsibility.

