



FUTURE ELECTRONICS INC

Modern Slavery Report 2023

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Published August 8, 2024

*This Modern Slavery Report (the “**Report**”) addresses the period from **January 1, 2023** to **December 31, 2023** and has been prepared in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)(the “**Act**”). This Report is made on behalf of Future Electronics and its subsidiaries. A French version of this Report may be requested from Future Electronics by emailing CSR@FutureElectronics.com.*

1. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leader in the electronics distributions business, Future Electronics recognizes the important role that we have in ensuring that our operations and products, and the supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during the fiscal year 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods that are distributed by Future Electronics or of goods imported into Canada by Future Electronics

Since our founding in 1968, Future Electronics has emerged as a global leader by providing unparalleled service and expertise, steadfastly adhering to our core values, fostering strong relationships, and setting an exemplary standard in the industry. We are deeply invested in our commitment to being an excellent global corporate citizen. This includes a responsibility to respect and protect the human rights of our employees as well as those of the people in our extensive supply chain. Our commitment also extends to mitigating forced labour and child labour, and promoting ethical, safe, and fair working conditions with our supply chain partners. The goal is to continue to improve and step by step, make our world a better place.

2. Our Business

Future Electronics is an electronics distribution company of semiconductors as well as passive and other electronics components headquartered in Pointe-Claire, Quebec, Canada. We are a global organization with distribution centers, regional offices, and sales offices across more than 45 countries across the world. The supply chain of Future Electronics Inc includes businesses that supply goods and services to our organization, including products and transportation of these products to our distribution centers and to our customers. In total, we procure goods and services from over 100 franchised suppliers.

Further information about our business can be found:

- on our [website](#)
- within our [ESG Policy](#)
- and our [Corporate Social Responsibility document](#)

Corporate Structure & Operations

Future Electronics Inc included the following subsidiaries in 2023:

- *F.A.I. Electronics*
- *Future Electronics (CDA) Ltd.*

3. Our Policies

Through our organizational and governance policies we communicate our values and expectations, setting a high bar for ourselves, our suppliers, and our selling partners, and make it clear that we do not tolerate any forms of forced labour or child labour. We are committed to consistently evolving and improving our approach. We do not tolerate child, forced or bonded labour in any of our operations or by suppliers working for us. We make every effort, including through carrying out due diligence and audits to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. Our relevant policies are discussed in further detail below:¹

Future Electronics Code of Conduct and Ethics Policy

The Future Electronics Code of Conduct and Ethics Policy states that: Honesty, integrity and trust are the foundation of Future Electronics' success. We conduct our business with highest levels of ethics and integrity. Future Electronics is committed to operate in the best interest of our Customers, our Suppliers, our Employees, our communities and in the long-term interests of our company. To this end, Future Electronics has voluntarily adopted the Responsible Business Alliance (RBA) Code of Conduct.

The Future Electronics Code of Conduct related policies and procedures address:

- *Labor Standards – upholding the human rights of workers and treating them with dignity and respect.*
- *Health and Safety Standards – providing a safe and healthy work environment.*
- *Environmental Standards – maintaining an Environmental Management System in accordance with ISO14001 Environmental Management Systems – Requirements and Guidance for use.*

¹ Typical corporate policies that may be relevant and discussed in the Report, as applicable, include: Code of Business Conduct and Ethics, Supplier Code of Conduct, Whistleblower Policy, Equity, Diversity and Inclusion Policy, Harassment Policy, Health and Safety Policy. The discussion of any company policies, codes of conduct, etc. should be reflective of policies actually adopted by the Entity.

- *Ethical Standards – aimed to meet social responsibilities, protect identity, follow fair business practices, respect intellectual property, and promote business integrity.*
- *Quality Standards – maintaining an ISO9001 Quality Management system which provides quality products and services that consistently meet or exceed the requirements of our customers.*
- *Supplier Management Practices – which encourage our Supply Chain to adopt Responsible Business Alliance (RBA) Code of Conduct principles and policies.*

Future Electronics Policy on Forced Labour and Human Trafficking:

We confirm that Future Electronics does not engage in forced labor or human trafficking of any kind - and to our knowledge, as a distributor, no forced labor or human trafficking was used or exploited in the direct supply chain for products sold by Future Electronics.

At Future Electronics, we support the efforts of all jurisdictions, including the State of California, to combat slavery and human trafficking. Under the California Transparency in Supply Chains Act of 2010, certain large retail sellers and manufacturers doing business in the state are required to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale. Future Electronics is not subject to the Act, but we understand that some of our customers may be subject to the Act.

Honesty, integrity, and trust are the foundation of Future Electronics' success. We conduct our business with the highest ethical levels. To this end, Future Electronics has voluntarily adopted the Responsible Business Alliance (RBA) Code of Conduct and has implemented labor standards upholding the human rights of workers and the treatment of workers with dignity and respect. For additional information, please do not hesitate to contact your local sales representative.

Future Electronics Human Rights Statement

“All human beings are born free and equal in dignity and rights”. The Universal Declaration of Human Rights confirms to all the inalienable entitlement to economic, social, political, cultural and civil rights that underpin a life free from want and fear.

At Future Electronics we understand that whilst we maximise our business opportunities, we have to ensure that we positively impact quality of life, prosperity and prospects for all. Our longstanding commitment to operating with integrity and Delighting the Customer is underscored by our recognition and full adoption of the Responsible Business Alliance Code of Conduct (<https://www.responsiblebusiness.org/code-of-conduct/>) which mirrors and upholds our collective Human Rights.

At the core of our operations is a mindset that fully accepts that in the pursuit of our business objectives, harm can be done and therefore we have an obligation to mindfully and continuously test and correct behaviours for negative impacts.

Future Electronics is a place of continuous learning and improvement and remains committed to educating our workforce and directing behaviours through our policies. We have detailed processes for addressing any grievances and always act on our findings to fully remove and correct misaligned behaviours.

Within our supply chain we source responsibly and incorporate in our relationships a mutual understanding and commitment to the Responsible Business Alliance Code of Conduct. We have quality checks in place to ensure the integrity of that commitment and only work with suppliers who fully embrace the Responsible Business Alliance Code of Conduct. Any shortcoming will be addressed.

The governance of this statement is overseen by our Corporate Vice-President, regional board of directors and senior management team, who represent all functions within the business. This enables transparency throughout our business and clarity as to responsibilities and commitments to actively uphold Human Rights.

We believe that our business leads to the creation of products which have a positive impact. Technology is enabling disadvantaged communities the world over and providing opportunities which might otherwise be out of reach for them. We strive to deepen and broaden that impact through actively promoting and enacting the full spirit of the Universal Declaration of Human Rights in terms of understanding and application.

Child Labour Statement

Future Electronics does not use any child labour. The term “child” refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, state or province, whichever is greatest. Future Electronics respects and abides by all applicable laws in regard to employing workers who are minors. To ensure our employees are of legal working age, Future Electronics employs careful qualification of candidates during the recruiting & interview process, including checking documentation, references, and background checks.

The use of legitimate workplace learning programs complies with all applicable laws and regulations. Employees under the age of 18 do not perform work that is likely to jeopardize their health or safety, including night shifts and overtime.

Ethics, Anti-Bribery and Anti-Corruption Statement

Future Electronics is committed to the prevention, deterrence, and detection of fraud, bribery, and all other corrupt business practices. It is the policy of Future Electronics to conduct all of its business activities to the highest possible ethical standards. The appropriate actions and conduct of all employees, together with third-party agents, consultants, contractors, and suppliers acting on behalf of the business are essential to maintain these high standards.

As a Company, we comply with anti-bribery and anti-corruption laws and regulations and ensure that our business dealings are accurately reflected in our business books and records. We do not tolerate bribery and corruption in any form in our business.

Supplier Code of Conduct Statement

The Future Electronics Code of Conduct and Ethics Policy details the requirements and expectations we have of our suppliers, their supply chains, and with whom we engage. We expect our suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce our Supplier Code of Conduct in their own operations and supply chain. Our Supplier Code of Conduct also sets forth our principles of inclusivity and accountability. We engage with suppliers that are committed to these same principles and suppliers commit to these standards as a condition of doing business with us. We review our Supplier Code of Conduct on a periodic basis to ensure that this policy is in line with current best practices.

Whistleblower Statement

We are committed to upholding the highest standards of ethics in our relationships with customers, employees, suppliers, shareholders, and the business communities we serve. We are currently in process of setting up a Business Integrity Hotline where employees can register their concerns.

Third-Party Due Diligence Statement

Our business partners are essential to the success of our Company. They are screened to ensure the same mindset toward ethics and compliance. We engage with the same philosophy and due diligence to ensure that we have adequately assessed our legal and ethical risk and the alignment to our values of honesty, integrity and trust. Should there be any occasion whereby we have concerns over a business partner and their conduct we will assess the situation and take all necessary steps as required.

We follow a due diligence approach that includes the following steps:

- *supplier visits*
- *supplier attestations,*
- *promoting our ESG and Corporate Social Responsibility expectations to our suppliers*
- *working closely with our suppliers at all levels.*

4. Assessing Modern Slavery Risk in our Supply Chain

Future Electronics' reputation for integrity and transparency in its practices and business dealings is critical to earning and maintaining a relationship of confidence and trust with its stakeholders, including employees, customers, suppliers, and shareholders. Future Electronics expects its suppliers to embrace these values and to provide an undertaking consistent with the principles set out in our Future Electronics Code of Conduct and Ethics Policy which outlines Future Electronics' ethical business practice requirements, including that suppliers comply with all laws related to modern slavery.

Risk Assessment & Management

Periodically, suppliers must certify that they conform to the expectations described above and that all materials incorporated into their products comply with the laws regarding modern slavery and human trafficking of the country or countries in which they operate.

Where appropriate, additional due diligence measures are undertaken, including the requirement for suppliers to respond to additional follow up questions. In the event that Future Electronics Inc becomes aware of any actions or conditions within its supply chain that are not in compliance with our standards, Future Electronics Inc's expectation is that the supplier implement corrective measures. A supplier's continued noncompliance may lead to additional remediation actions, up to and including termination of the business relationship.

Assessment of Effectiveness

Based on our internal governance framework, policies, practices and foregoing methods of assessment, Future Electronics Inc considers its actions with respect to modern slavery in its operations and supply chain to be effective.

5. Our Commitments

Monitoring & Continuous Improvement

We continue to monitor and conduct due diligence measures as appropriate to assist us in detecting any form of modern slavery in our operations and supply chain.

We are committed to reinforcing the expectations as set out in this Report, both internally and externally, and continue to explore ways in which we can enhance our efforts, including within our own policies, training requirements relative to employee position and responsibility, and additional compliance monitoring of our suppliers.

Future Electronics engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labor in our business and supply chains, we engage with our peers and map our supply chains to identify where there may be a greater exposure to risk.

The highest area of risk for child labor and forced labor is through our supply chain partners (of which we have hundreds), some of which have manufacturing facilities across the globe, including in 3rd world and developing countries. However, per our ESG Policy: Future Electronics collaborates with local partners, distributors, manufacturers, and supply chains across the world. We expect the same commitment to ethical business practices as Future Electronics upholds and that effective control processes, procedures, and services are implemented and adhered, to ensure that appropriate steps are taken to eradicate any form of modern slavery or human trafficking. The workplace practices that we expect from our suppliers include:

- *Exclusion of slave labor, illegal child labor or forced labor.*
- *Ensure that the overall terms of employment are without duress and voluntary.*
- *Demonstrate that they provide safe working conditions.*
- *Follow all local applicable laws pertaining to minimum age requirements, wages, overtime and benefits.*

Our exposure to the risk of forced labor and/or child labor increases when we engage with third parties, particularly in categories such as transportation, warehousing, and manufacturing.

Training:

The Future Electronics Code of Business Conduct and Ethics and Policy on Forced Labour and Human Trafficking are available for our employees to view and apply to their daily activities. We have published policy documents and are in the process of building a training module with respect to Modern Slavery to ensure we provide training to all our staff on these policies, and new employees moving forward so that they can understand the impact of and recognize the risk areas of forced labour and child labour.


6. Approval & Signature

This report is for the entity Future Electronics and its subsidiaries subject to the Act as set out in section 1.1 (Reporting Entities) and has been approved by Luc Dufour pursuant to subparagraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above.

Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I make the above attestation in my capacity as Chief Financial Officer & Executive Vice-President of Future Electronics Inc.

Signature 

Name: Luc Dufour

Title: Chief Financial Officer & Executive Vice-President

Date: August 8, 2024

I have the authority to bind Future Electronics Inc.