



Forced Labor in Canadian Supply Chains

FY 2024 Report
Aiphone Corporation

Note: This report has been prepared referencing all applicable questions from [Public Safety Canada's required questionnaire](#) for Bill S-211, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act*. Questions have been directly copied from the questionnaire and are displayed in **bold** text throughout the report.

1. What steps has the entity taken in the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity?

Aiphone Corporation does not produce any goods in Canada; however, we do import goods to Canada and employ Canadian citizens.

When seeking new suppliers, Aiphone Corporation gives preference to suppliers operating in countries with robust workers' rights and labor protection measures codified into law. Most of our partners are US and Canadian entities. New suppliers must agree to maintaining compliance with all applicable government laws, statues, ordinances, rules, regulations, orders and other requirements, including those related to age, U.S.C. 1589 regarding forced labor, the Uyghur Forced Labor Prevention Act, and all other relevant regulations governing labor and workers' rights.

Our parent company, AIPHONE CO., LTD. (TYO: 6718) is based in Japan. They manufacture the majority of the products Aiphone Corporation sells. Articles 5 and 6 of Japan's Labor Standards Act prohibit the use of forced labor and explicitly disallows intermediate exploitation by employers.

Aiphone Corporation monitors the UFLPA Entity List maintained by the US Department of Homeland Security to ensure we are not transacting with entities that have been flagged as entities benefiting from the use of forced labor.

Our fiscal year begins April 1 each year, while this was not completed during the previous fiscal year, we conducted an internal assessment of risks of forced labor and/or child labor in our supply chain along with creating an associated risk identification and analysis document this April. Risks were scored based on probability of occurrence and potential impact to the business.

Pertaining to hiring practices, on all applications Aiphone Corporation requires applicants to confirm they are legally 18 years of age or older. Aiphone Corporation does not consider the applications of minors nor does the company employ minors (those under the age of 18). Human Resources conducts background checks on all considered applicants and requires the completion of form I-9 (Employment Eligibility Verification) which is then submitted via the E-Verify system to ensure that government records match the personal information provided by the applicant.

2. Please provide additional information describing the steps taken (if applicable).

N/A

3. *Which of the following accurately describes the entity's structure?

- Corporation

4. Which of the following accurately describes the entity's activities? Select all that apply.

- Producing goods (including manufacturing, extracting, growing and processing)
 - outside Canada
- Selling goods
 - in Canada
 - outside Canada
 - Importing into Canada goods produced outside Canada

5. Please provide additional information on the entity's structure, activities and supply chains

Aiphone Corporation is a subsidiary of AIPHONE CO., LTD. (TYO: 6718), based in Japan. Aiphone is known for manufacturing intercom and access control systems. The majority of SKUs Aiphone Corporation carries are produced by AIPHONE CO., LTD, which has manufacturing facilities in Japan, Thailand, and Vietnam. Monthly or semi-monthly orders are placed to AIPHONE CO., LTD for finished products and parts with Aiphone Corporation receiving regular shipments via container and air freight originating from Thailand and Japan.

Aiphone Corporation is based in Redmond, WA and serves the Americas and Caribbean region, with most sales concentrated in the United States and Canada. These sales are facilitated through dealer and distributor networks. Activities are typical of a sales-focused company including, but not limited to, meeting with dealers and distributors, attending industry trade shows, leading product training sessions, developing system specifications for projects, providing technical support and customer service, and marketing Aiphone's products and services. Aiphone Corporation also engages in the production and repair of intercoms.

The products Aiphone Corporation produces in the United States are mainly for the North American market. Most of these items are designed to add additional features, functionality, and/or quality of life improvements to existing product lines. Electronic components are sourced from authorized parts distributors located in the United States. Items such as panels, labels, and screws are sourced mainly from local vendors and almost exclusively from US-based companies.

6. Does the entity currently have policies and due diligence processes in place related to forced labour and/or child labour?

No

8. Has the entity identified parts of its activities and supply chains that carry a risk of forced labour or child labour being used?

- Yes, we have identified risks to the best of its knowledge and will continue to strive to identify emerging risks.

8.1 If yes, has the entity identified forced labour or child labour risks related to any of the following aspects of its activities and supply chains?

- The types of products it produces, purchases or distributes
- The types of products it sources
- The raw materials or commodities used in its supply chains
- The types of products it produces, purchases or distributes
- The types of products it sources
- The raw materials or commodities used in its supply chains
- Tier two suppliers
- Tier three suppliers
- Suppliers further down the supply chain than tier three

9. Has the entity identified forced labour or child labour risks in its activities and supply chains related to any of the following sectors and industries?

- Mining, quarrying, and oil and gas extraction
- Manufacturing

10. Please provide additional information on the parts of the entity's activities and supply chains that carry a risk of forced labour or child labour being used, as well as the steps that the entity has taken to assess and manage that risk.

Electrical components utilized in manufacturing of devices represent the largest risk of forced or child labor in Aiphone Corporation's supply chain. Companies who design components often have global footprints and utilize contract labor (whom often sub-contract) to meet their manufacturing needs. Many semiconductor devices and PCBs are manufactured in localities known to have recent incidents of forced and/or child labor.

Aiphone Corporation's exposure to end products manufactured from mined commodities also carries a risk of forced or child labor. Mining has historically been and continues to be one of the worst offending industries in utilizing forced and/or child labor. The U.S. Department of Labor estimates that at least 25,000 children are working in cobalt mines in the DRC today, for

exampleⁱ. Companies are incentivized to source commodities such as bauxite, iron ore, and tin ore from localities with the lowest cost to produce them, but the tradeoff is often that lower costs typically come with less robust institutional labor protections and more frequent instances of locally operating companies being involved in unethical labor practices. We do not have visibility on the full map of suppliers the smelters producing semi-finished metal (used by our vendors) utilize which presents a risk.

Nearly every business involved with sourcing or manufacturing any electronic devices should list mined commodities as a risk for exposure to forced and child labor. Tin is the primary metal used for soldering. The world's 3 largest tin-producing countries are Myanmar, Indonesia, and China-- these three nations produce significantly more tin than the rest of the world combined. The US government estimates there are over 100,000 Uyghurs and other ethnic minorities currently subjected to forced labor in Chinaⁱⁱ. Myanmar is enveloped in a civil war, nominally ruled by a military junta, where close to one in ten children are estimated to be involved in child laborⁱⁱⁱ. There is also a lengthy history of civil rights and forced labor abuses against the Rohingya people in Myanmar. Apple and Samsung have both conducted somewhat recent investigations as to whether tin produced using child labor sourced from Bangka Island in Indonesia ended up in their products^{iv}. Especially for commodities where most of the world's output comes from regions with problematic historical records regarding child/forced labor, there will be risk of forced and child labor.

11. Has the entity taken any measures to remediate any forced labour or child labour in its activities and supply chains?

No

12. Please provide additional information on any measures the entity has taken to remediate any forced labour or child labour

N/A

13. Has the entity taken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains?

No

12. Please provide additional information on any measures the entity has taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chain

N/A

15. Does the entity currently provide training to employees on forced labour and/or child labour?

No

16. Please provide additional information on the training the entity provides to employees on forced labour and child labour.

N/A

17. Does the entity currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains?

No

18. Please provide additional information on how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains.

N/A

Attestation: 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.

X 

Takeshi Kamijo
President, CEO
5/30/2024

I, Takeshi Kamijo, have the authority to bind Aiphone Corporation.

ⁱ <https://www.cecc.gov/events/hearings/from-cobalt-to-cars-how-china-exploits-child-and-forced-labor-in-the-congo>

ⁱⁱ <https://www.dol.gov/agencies/ilab/against-their-will-the-situation-in-xinjiang>

ⁱⁱⁱ <https://myanmar.un.org/en/186115-ilo-myanmar-calls-more-action-end-child-labour>

^{iv} <https://www.bloomberg.com/news/articles/2014-02-13/apple-supplier-responsibility-a-connection-to-ill-legal-tin-mining>