Annual Report on Measures to Prevent Forced Labour and Child Labour in Supply Chains

Company Name: H.M. Electronics, Inc., a California corporation ("HME")

Reporting Period: January 1, 2025 - December 31, 2025

Prepared pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c. 9 (the "Act")

Our Business

HME is a global family of companies based in the United States that develops, manufactures and sells communication, audio, and software solutions for a variety of industries. HME's products include:

- Hospitality and Specialty Communications (HSC): Products and services for restaurants, including drive-thru headsets, timer systems, and paging systems.
- Clear-Com: Equipment for broadcast, live performance, live event, sports operation, military, aerospace, and government production applications.

HME sells and distributes its products both inside and outside of Canada and imports products into Canada from its manufacturing facility located in Carlsbad, California, USA. HME does not have any manufacturing operations located in Canada. HME employs approximately 924 employees. HME employees most of its workforce directly and on a permanent basis, thereby reducing the risk of modern slavery within its operations.

HME is committed to ensuring that our supply chains are free from forced labor and child labour. It is HME's policy to ensure that our supply chain reflects our values and respect for human rights. Accordingly, this report outlines the measures we have taken during the reporting period to prevent and mitigate these risks and to confront slavery and human trafficking in our direct supply chains.

Supply Chain Overview

HME's supply chain consists of suppliers across North America, Asia (principally China, Taiwan, Vietnam, and Malaysia), and Europe. Categories of inputs include printed circuit board assemblies, electronic components, batteries (including lithium-ion cells), molded plastics, metal enclosures, packaging materials, and contracted assembly services. HME also engages logistics providers and third-party distributors for downstream delivery into Canada.

Structure, Activities and Supply Chains

HME is incorporated under the laws of the State of California and is headquartered in Carlsbad, California. HME operates through divisions in Canada including Thorntronics Services, Inc. and Clear-Com Research, Inc. HME does not maintain Canadian manufacturing operations; goods are imported into Canada from the United States and from finished-goods suppliers in Asia. HME is the reporting entity for purposes of section 9 of the Act because it imports goods into Canada that are produced outside Canada.

Verifications

We conduct assessments of our product suppliers to verify that they are not at risk for violating anti-slavery and human trafficking laws. We do not use third-party verifiers. HME's materials management team conducts a risk-based review of direct suppliers using an internally developed assessment that evaluates, among other things, supplier policies, geographic risk factors, and the presence of third-party labour brokers. In addition, HME relies upon supplier certifications, contractual representations, and policy-flow downs as verification mechanisms.

Supplier Audits

HME's standard supplier agreements reserve the right to conduct announced audits of our direct suppliers to evaluate their compliance with our anti-slavery and human trafficking standards. Audits, when conducted, consist of individual and group interviews with supervisors and management, as well as exhaustive facility tours.

Certification

We require our direct suppliers to certify that they comply with anti-slavery and human trafficking laws in the country or countries in which they do business.

Risk Identification, Assessment and Management

HME has identified the following categories of its business and supply chain as carrying heightened risk of forced labour or child labour:

(a) Electronic components and sub-assemblies sourced from regions identified by the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor and by the Uyghur Forced Labor Prevention Act ("**UFLPA**") Entity List;

(b) Raw materials inputs to lithium-ion batteries, including cobalt and other minerals associated with artisanal small-scale mining;

(c) Contract manufacturing and assembly operations in jurisdictions where labour-broker recruitment practices are prevalent; and

(d) Downstream logistics, packaging, and warehouse services that historically have employed vulnerable migrant labour.

HME assesses these risks through a combination of (i) supplier self-assessment questionnaires; (ii) review of publicly available enforcement data, including U.S. Customs and Border Protection Withhold Release Orders and UFLPA detentions; (iii) third-party screening of suppliers against sanctions and forced-labour entity lists; and (iv) periodic on-site audits. Risks are escalated to HME's Legal and Materials Management teams for mitigation planning, which may include supplier corrective-action plans, enhanced audit cadence, or, in the case of unresolved findings, supplier disqualification.

Remediation Measures

During the 2025 reporting period, HME did not identify any substantiated instances of forced labour or child labour in its activities or supply chains through the verification mechanisms in place.

Remediation of Loss of Income to Vulnerable Families

Because HME identified no instances of forced labour or child labour in its activities or supply chains during the reporting period, no measures were necessary to remediate loss of income to the most vulnerable families resulting from such measures. HME recognizes, however, that the abrupt cessation of a supplier relationship may itself cause harm to workers and their dependents. Accordingly, HME's remediation framework is designed to prioritize corrective action and capacity-building with suppliers, with disengagement reserved for unresolved or egregious violations, and to consider the foreseeable impacts on affected workers in any disengagement decision.

Accountability

In 2012, we developed HME maintains internal accountability standards, which were most recently reviewed in 2025, and procedures for employees and contractors failing to meet our company standards regarding slavery and trafficking. If and when our company uncovers employee or contractor compliance problems, we provide written notice and a specified period of time to take corrective action.

Training

Employees who are responsible for materials management are trained on the importance of making sure our suppliers are not engaged in violations of the company's policies prohibiting forced labour, slavery and human trafficking.

Policies and Due Diligence Processes

Supplier onboarding requires written acknowledgement of HME's Supplier Code of Conduct, including representations prohibiting forced labour, child labour, and human trafficking. Material supplier agreements include contractual flow-down provisions requiring suppliers to impose

substantially similar obligations on their own subcontractors and to permit audit upon reasonable notice.

Our Code of Conduct which serves as a guide for how HME conducts business includes:

- No forced labor, involuntary labor or human trafficking
- No child labor and fair treatment of young workers
- Fair labor practices
- Nondiscrimination and antiharassment
- Safe working environment

Additionally, our Policy regarding Combating Trafficking in Persons further outlines our commitment to respecting human rights and we expect all third parties doing business with HME to share our commitment to safeguarding human rights.

In compliance with the California Transparency in Supply Chains Act, our disclosure is posted on our company website and can be found here **https://www.clearcom.com/California-Supply-Chains-Act.**

Assessing Effectiveness

HME, on an annual basis, assesses the effectiveness of the steps taken to prevent and reduce the risk of forced labour and child labour in its activities and supply chains.

Publication and Reporting

This report is published on our company websites to ensure transparency and accountability.

We are also subject to reporting requirements under the United Kingdom's Modern Slavery Act 2015, Australia's Modern Slavery Act 2018 and California's Transparency in Supply Chains Act. This report is filed with the Public Safety Canada and published on HME's corporate websites in accordance with Section 13 of the Act.

Approval and 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 listed above, being HME. 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 Period. I further attest that I have the authority to bind HME.

Name: Jonathan Harrill

Title: General Counsel

Date: 06/15/2026

Signed: