

FORCED LABOUR AND CHILD LABOUR REPORT 2024

Reporting entity's legal name

InnovMetric Software Inc

138293006RC0001

1 April 2023- 31 March 2024

Business number(s), if applicable

Financial reporting year Identification of
a revised report

Corporation that has a place of business in Canada, does business in Canada or has assets in Canada and that, based on its consolidated financial statements, meets at least two of the following conditions for at least one of its two most recent financial years: (i) it has at least \$20 million in assets, (ii) it has generated at least \$40 million in revenue, and (iii) it employs an average of at least 250 employees.¹

Identification of a joint report, if applicable

Identification of reporting obligations in other
jurisdictions

Sector/Industry : Software

Location : 310 Cyrille Duquet, Quebec City, G1N4N6, QC, Canada

Entity categorization according to the Act

¹Section 2 Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023 C9

REPORTING CONTEXT

The company, being a federally incorporated entity, considers that it is subject to the legal obligations outlined in section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (hereinafter 'the Act'). This report is produced in compliance with the Act and received approval from the Board of Directors (the Board) in Quebec, Canada on 30th May 2024.

This report outlines InnovMetric's governance processes and existing measures made between April 1, 2023, to March 31, 2024, to prevent and mitigate risks of modern-day slavery within the InnovMetric's group. For the purposes of this report, the terms "InnovMetric", "we", "our", "the company", refer to InnovMetric.

1. COMPANY OVERVIEW, STRUCTURE AND SUPPLY CHAIN

1.1. Overview

InnovMetric Software Inc. is the sole owner, producer, and manufacturer of PolyWorks® software since 1994 and, as such, is engaged in the design, development, manufacture, marketing, and sale of various software products for processing 3D digitizer data and for three-dimensional modeling and inspection. It consists of its two coexisting platforms: the established Metrology Suite and the newly launched Collaborative Suite.

The journey of InnovMetric embodies a commitment to technological advancement and a profound dedication to 3D measurement. As a distinguished software development firm headquartered in Quebec City, Canada, InnovMetric has cultivated invaluable partnerships with industrial manufacturing leaders, culminating in its transformation into a multinational entity with direct operations in 18 countries.

During 30 years of business, InnovMetric pioneered point-cloud-based inspection, invented the concept of a universal 3D metrology software platform (one software that works across multiple hardware), and introduced the most user-friendly CMM sequencing workflow ever designed. PolyWorks is the metrology software of choice at leading manufacturing OEMs globally. To date, InnovMetric has sold over forty-one thousand (41,000) licenses to the 100 largest manufacturers worldwide, solidifying its position as a leader in the field of 3D metrology. Several case studies are referenced on our website <https://www.innovmetric.com/industries/automotive>.

Presently, we are channeling substantial investments towards the development of next-generation digital data and process management technologies. These advancements aim to integrate 3D measurement data seamlessly into enterprise operations, thereby significantly reducing time-to-market and fabrication costs.

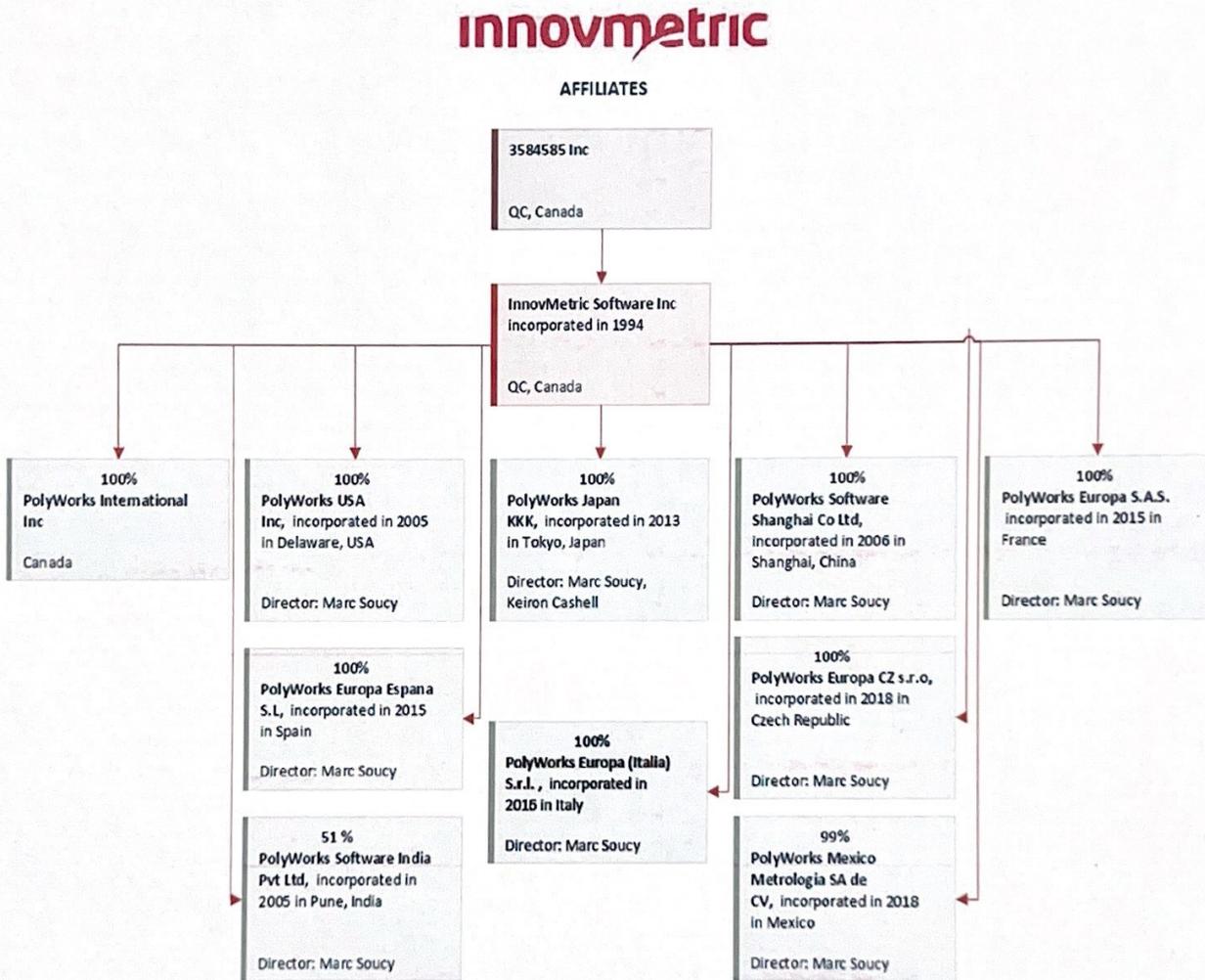
As of October 1st, 2023:

InnovMetric at a Glance



1.2. Corporate Structure

InnovMetric's affiliated companies, as well as joint ventures and authorised distributors, are primarily responsible for promoting the capabilities of PolyWorks® software licenses and related services, providing technical support and training services to PolyWorks users and supporting the sales efforts of 3D metrology hardware partners worldwide.



The resale of PolyWorks® Software is only permitted by Company's master distributors and Company's authorized distributors, which are found at https://www.innovmetric.com/find-a-contact?region=All&org_type=distributor

InnovMetric's Sales Network as One of its Core Strengths

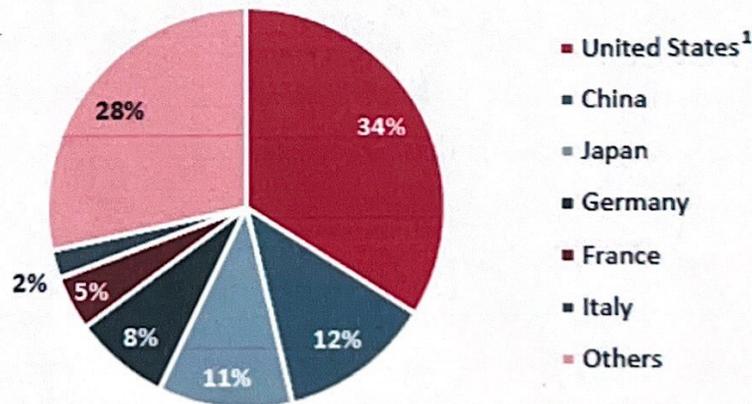
InnovMetric has **strategically** established itself in all geographies where there is a **significant manufacturing industry**

Setting a local sales presence early on in its trajectory has **propelled InnovMetric to a global leading position today**

InnovMetric has **adopted a diversified sales approach** through **5 different sales channels** since its inception, which includes **400+ distributors**

Global Sales Distribution Across a Wide Range of Countries

FY24B Bookings Distribution by Geography (in %)

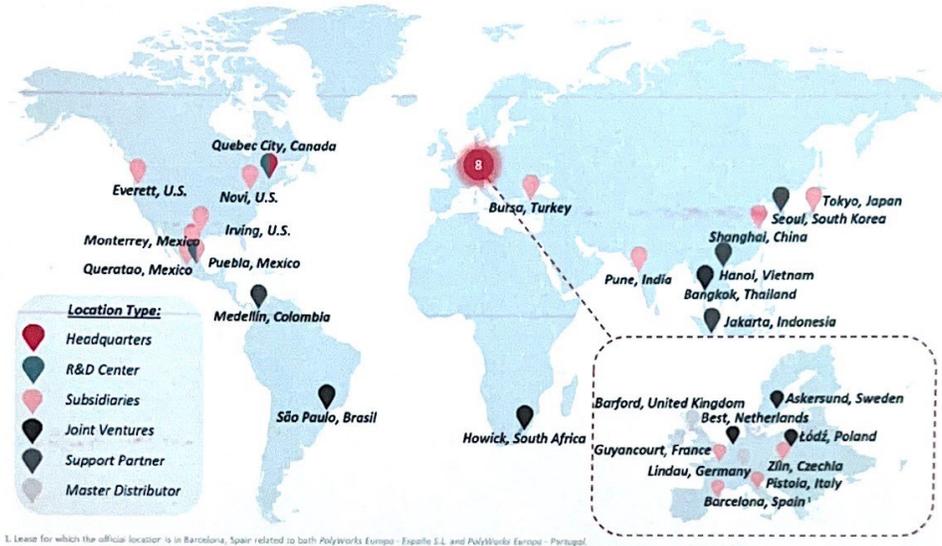


1. Includes other bookings in USD stemming from the rest of America and the Middle East, which are immaterial.
Source: Per Company Management

1 Direct presence in 18 countries, plus 6 technical support partners and master distributors, serving clients in 20 languages

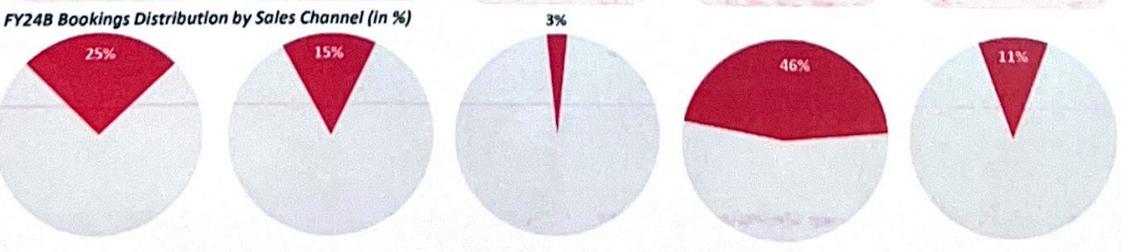
2 185 technical support employees through subsidiaries, joint ventures, and technical support partners

3 90% of clients can talk to a technical support employee in less than 5 minutes



InnovMetric's sales channels' geographic coverage spans across more than 43 countries

Direct	Subsidiary	Joint Venture	3rd Party Distributor	Master Distributor
<ul style="list-style-type: none"> Conducted directly by InnovMetric Logiciel's Inc. sales teams throughout various geographies In-charge of after-sales support for its clients, while assisting subsidiaries', JVs', and master distributors' support efforts 	<ul style="list-style-type: none"> InnovMetric's subsidiaries located across the world Exclusivity to sell standalone licenses within their geographic coverage In-charge of after-sales support in their geographies 	<ul style="list-style-type: none"> InnovMetric Logiciels Inc. generally has a 30% ownership in joint ventures Exclusivity to sell standalone licenses within their geographic coverage In-charge of after-sales support in their geographies 	<ul style="list-style-type: none"> InnovMetric hardware manufacturer partners selling through bundle sales throughout various geographies No aftersales support responsibilities, except for Creafom and some Hexagon companies 	<ul style="list-style-type: none"> Exclusivity to sell standalone licenses within their geographic coverage In-charge of after-sales support in their geographies

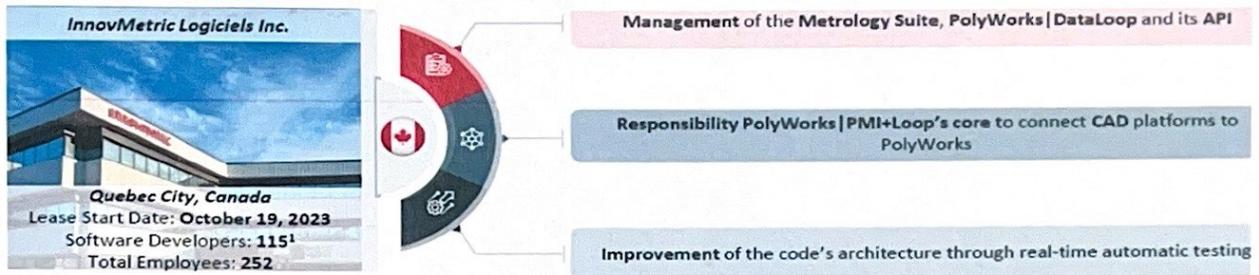


1.3. Our Supply Chain

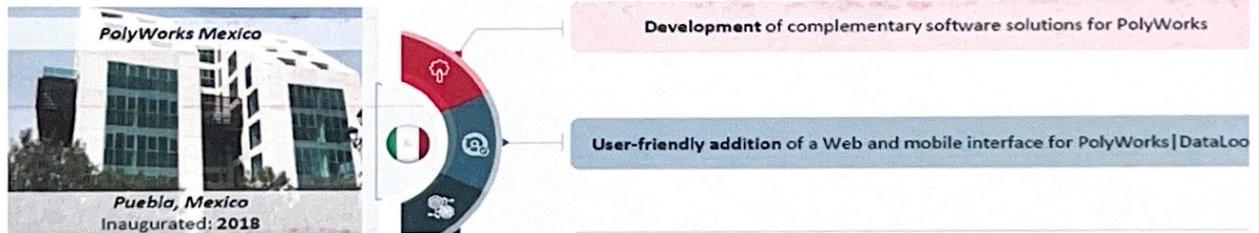
Our software products are developed in Canada with the assistance of developers from PolyWorks Mexico and with the help of our historical partner in India, Prescient. Our operations primarily involve software development, marketing, and customer support activities.

While we do not operate in traditional manufacturing or retail sectors, we recognize that our supply chain does include third-party vendors and partners.

We have foreign suppliers, primarily software companies, that provide us with code or libraries, namely PolyWorks Mexico (Mexico), Prescient (India), Capvidia (Belgium), Globus (Israel), Spatial (USA), Siemens (USA), PTC (USA) and Flexera (USA). These suppliers offer highly qualified services and there is no risk of child labor or forced labor in their operations.



 Supported by 28 software developers working at Indian development partner **Prescient Technologies Pvt**



2. OUR POLICIES

As a prominent global leader in 3D metrology, we prioritize maintaining the utmost ethical standards. We are dedicated to guaranteeing that our operations and supply chains remain untainted by modern slavery and human trafficking.

2.1. Our Philosophy in Combating Child Labour and Forced Labour

At InnovMetric, we recognize that modern slavery and human trafficking are serious global issues that require concerted efforts to combat. We are committed to preventing and addressing these abuses within our own operations and supply chains. Our commitment is guided by the following principles:

Zero Tolerance: InnovMetric maintains a zero-tolerance policy towards modern slavery and human trafficking in all its forms. We do not tolerate any form of forced labor, child labor, or exploitation within our organization.

Ethical Sourcing: We are committed to sourcing materials and services ethically and responsibly.

Transparency and Accountability: We believe in transparency and accountability as key drivers of progress in the fight against modern slavery. We are committed to disclosing information about our efforts in this regard.

Recruitment: InnovMetric's recruitment process adheres to federal and provincial legal requirements. We undertake proactive steps throughout the recruitment process, including the posting of positions on the internet, conducting interviews, and granting applicants the autonomy to decide whether to accept our offers of employment. During the recruitment process we request some personal information from the applicant to ensure that we respect the minimal legal age to work. We hire our employees directly and therefore have control over their work conditions to ensure that they respect labour standards.

2.2. Code of Conduct

InnovMetric's Code of Conduct, which is applicable to all entities within InnovMetric's group, reinforces the company's standards and expectations for business conduct and appropriate behavior. It includes a statement affirming our commitment to human rights. The Code underscores our stance against forced labor and child labor, contributing to the assurance that our supply chain remains free from such practices. In adopting human rights best practices, the Company references the International Bill of Human Rights, encompassing the Universal Declaration of Human Rights, and the fundamental International Labour Organization Conventions. As part of our dedication to human rights, we adamantly oppose the utilization of forced labor and child labor within our operations and throughout our supply chain. The Code of Conduct extends to all employees, directors, officers, contingent consultants, as well as wholly owned affiliates and/or operated entities in all countries where the company operates.

2.3. Risk Assessment and Mitigation

While our focus predominantly lies within the realm of digital products and services, we remain cognizant of the broader socio-economic landscape in which we operate. As a software company, our workforce comprises highly qualified individuals engaged in software development, marketing, and related roles. Due to the nature of our operations, which primarily involve intellectual work, we do not have measures specifically targeting forced labor or child labor within our organization. The risk of encountering such issues among our staff is minimal, given their expertise and qualifications.

Moreover, considering that our operations do not involve the import or manufacturing of tangible goods for resale, the risk of exposure to forced labour or child labour through our supply chain is practically non-existent.

Nonetheless, InnovMetric requires the parties to its contracts to foster compliance with pertinent laws, regulations, and international standards. InnovMetric's Affiliates adheres to the same Code of Conduct and philosophy of the parent company. This ensures a unified approach towards ethical practices and underscores our commitment to maintain high standards across all our operations. We have not received any reports of concerns of forced labor or child labor within InnovMetric's operations or supply chain during the reporting period and therefore, have not taken specific measures to remediate forced labour or child labour or loss of income in our activities and supply chains.

Conclusion

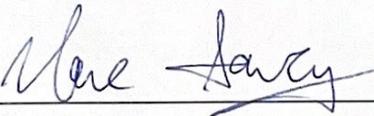
InnovMetric remains resolute in its commitment to combat modern slavery and uphold human rights across its operations and supply chains. We understand that this commitment necessitates continuous effort, collaboration, and vigilance. By working together with our employees, partners, and stakeholders, we do our best to foster a more just and equitable world.

Approval / Signature

This report was approved by the Board of Directors of InnovMetric Software Inc on May 30, 2024 pursuant to paragraph 11(4)(a) of Canada's Fighting Against Forced and Child Labour in Supply Chains Act (the "Act") on behalf of InnovMetric Software Inc.

- Full name: Marc Soucy
- Title: President
- Date: 30.05.2024

- Signature:



I have the authority to bind InnovMetric Software Inc