



***ANNUAL REPORT REQUIRED BY THE
FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN
SUPPLY CHAINS ACT (BILL S-211)***

120 Eglinton Avenue East, Suite 1107
Toronto, ON M4P 1E2
www.poettech.com

Table Of Content

1. Introduction

2. Steps taken to prevent and reduce risks

3. Our business

a. Business Description

b. Structure

c. Activities, Products and Services

d. Supply Chains

4. Policies and Protection

5. Due Diligence

6. Assessing and Managing Risk

7. Approval and attestation



1. INTRODUCTION

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) requires that businesses summarize actions taken during the fiscal year to prevent and reduce the risk of forced labour or child labour within their operations and supply chain. POET Technologies Inc. (“POET” or the “Company”) has an obligation to publish this report under the Act which includes operations of all its subsidiaries. This report is for the financial year ending December 31, 2023 (the “Reporting Period”).

POET recognizes our responsibility to respect and protect the human rights of all people who support and intersect with our business, comprised of employees and consultants, including their employees and those employed in our supply chain network.

We have a zero-tolerance policy for the use of forced and child labour. Our policy to help prevent and reduce the risk of forced and child labour applies to all of our subsidiaries, our business partners and our worldwide supply chain network. We expect our business partners and suppliers (as well as their contractors, agents, subcontractors, sub-agents and labour agencies) to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws.

2. STEPS TAKEN TO PREVENT AND REDUCE RISKS (OF FORCED LABOUR AND CHILD LABOUR)

POET, and our subsidiaries, operate within the legal guidelines of the jurisdictions within which we operate. This includes the guidelines related to its hiring practices. The company does not and has never engaged in commercial activities with children. The Act came into effect on January 1, 2024 and the Company has reviewed its hiring practices to ensure that it is aligned with the Act. The Company has not, however, reviewed the entirety of its supply chain and supplier onboarding processes to ensure that its suppliers are also aligned with the provisions of the Act.

The Company has taken steps to prevent and further reduce the risk of forced and child labour in our supply chain, including but not limited to:

- Educating itself on the Act, its reporting obligations, and the required due diligence processes;
- Discussing the Act and its requirements with the Board of Directors;
- Providing awareness to our supply chain management personnel on matters regarding modern slavery risks and child labour;
- Updated the Company's risk register to identify areas within the Company and its supply chain that are most exposed to forced and child labour;
- Established a plan of action to be completed in fiscal 2024 to gain a better understanding of our suppliers' actions in avoiding forced and child labour.



3. OUR BUSINESS



a. Business Description

POET is a design and development company offering photonic integrated packaging solutions based on the POET Optical Interposer™, a novel platform that allows the seamless integration of electronic and photonic devices onto a single chip using advanced wafer-level semiconductor manufacturing techniques. The semiconductor industry has adopted the term “Wafer-Level Chip-Scale Packaging” (or “WLCSP”) to describe similar approaches within the semiconductor industry. POET’s Optical Interposer eliminates costly components and labor-intensive assembly, alignment, and testing methods employed in conventional photonics. We believe the cost-efficient integration scheme and scalability of the POET Optical Interposer brings value to devices or systems that integrate electronics and photonics, including high-growth areas of communications and computing.

The nature of our organization is to utilize technology in driving efficiency and cost of our products. It does not rely on unskilled low cost labour. The nature of our business offers “some” mitigation to child labour within our supply chain. However, we realize it does not eliminate it.



b. Structure

The following provides an overview of POET and its wholly-owned and indirect subsidiaries:

- POET, located in Canada is incorporated under the laws of the Province of Ontario. The Company's shares trade under the symbol "POET" on the Nasdaq in the U.S and under the symbol "PTK" on the TSX Venture Exchange in Canada. POET provides finance and administrative support to its subsidiaries.
- OPEL Inc. ("OPEL"), located in the United States of America, is a wholly owned subsidiary which holds the patents that were first developed by the Company. OPEL's only activity is the maintenance of its existing patents.
- ODIS Inc. ("ODIS"), located in the United States of America, is a wholly owned subsidiary of OPEL. ODIS designs and develops products based on the Company's Optical Interposer platform.
- BB Photonics Inc. ("BB Photonics"), located in the United States of America is a wholly owned subsidiary of POET. BB Photonics developed technology that enabled the partial integration of photonic integrated circuits. BB Photonics' operation is currently dormant.
- POET Technologies Pte. Ltd. ("PTS"), located in Singapore is a wholly owned subsidiary of POET. PTS utilizes the Optical Interposer to assemble, test and manufacture optical engines.
- POET Optoelectronics Shenzhen Co. Ltd. ("PTZ"), located in China is a wholly owned subsidiary of PTS. PTZ develops evaluation boards and test units for customer sampling. PTZ also provides technology support to the Company's joint venture in China.
- Super Photonics Xiamen Co., Ltd ("SPX"), located in China is joint venture, jointly owned with Xiamen Sanan Integrated Circuit Co. Ltd. The joint venture was established to design, develop, manufacture and sell certain optical engines based on POET's proprietary Optical Interposer platform technology.

Unless otherwise stated, all future references to POET includes its subsidiaries. None of the Company's subsidiaries are considered an "entity" under the Act and therefore do not have separate reporting obligations.

c. Activities, Products and Services

During the Reporting Period, POET, through its PTS subsidiary generated revenue by providing non-recurring engineering services (“NRE”). The Company provides NRE services to multiple customers for unique projects that are being addressed utilizing the capabilities of the Optical Interposer. During the Reporting Period, the Company continued to invest in the development of its technology platform and its application to leading edge technologies. The Company invested US\$10.1M into its research and development (“R&D”) of which US\$4.3M was for wages and benefits and US\$1.5M was other non-cash costs. The Company incurred US\$10.8M of administrative costs in support of its R&D, of which US\$4.6M was non-cash costs.

The Company’s spending profile in the Reporting Period indicates that approximately 50% of its operating costs are wages and benefits. The Company expects to maintain a similar spending profile until it starts to generate product sales.

The cost of labour is substantially all in highly educated and skilled staff, again a mitigating factor in use of child labour.

d. Supply Chains

POET's supply chains encompass more than 25 global suppliers, with a predominant presence in North America, Europe and South East Asia, the large majority of which are either International Organization for Standardization ("ISO") certified or ISO Compliant. Our suppliers include services providers, subcontractors and materials and equipment suppliers. To the best of our knowledge, our suppliers adhere to policies and practices that prioritize fair labor practices, environmental sustainability, and compliance with regulatory requirements.

Forced and child labour has been determined to be a low-risk exposure for the Company and its suppliers. The equipment and materials used by the Company are of a highly technical and complex nature, requiring specialized skills and knowledge for operation and maintenance. The intricacy of semiconductor manufacturing processes often necessitates a highly educated and trained workforce, reducing the likelihood of reliance on forced or child labor. Additionally, the industry's stringent quality standards and tight tolerances for production further discourage the use of unskilled or underage labor.

In the Reporting Period, the majority of the Company's materials and supplies were acquired at its subsidiary PTS, many of which were sourced locally in Singapore from reputable suppliers. These supplies were primarily:

- Silicon wafers
- Indium-phosphide lasers
- Trans-impedance amplifiers
- Photo-detectors
- Fibers
- Evaluation boards
- Other nano-meter sized components
- Capital equipment applicable to assembling and testing the above components

4. POLICIES AND PROTECTION

POET has adopted and implemented a number of policies and practices that support human rights and socially responsible business practices. Respect for human rights is embedded in our core values and all aspects of our business.

POET maintains a Code of Conduct, accessible on its website which serves as a cornerstone of our commitment to ethical business practices. While the Company does not presently have specific written policies addressing forced and child labor, we will amend our supplier on-boarding form to include specific questions to suppliers on this subject. This effort will help ensure that our suppliers are informed about our vendor qualification requirements, including being against forced and child labor.

POET maintains a Whistleblower policy which encourages anyone who becomes aware of a violation of a policy to speak up. The policies offer several methods for reporting violations. To protect whistleblowers, the policy prohibits retaliation against any person for reporting, in good faith, contraventions of the policy, or for filing a complaint or testifying, assisting or participating in any manner in any investigation or hearing conducted by a government enforcement agency.



5. DUE DILIGENCE

During the Reporting Period, our management team visited multiple suppliers to align the goals and values of the Company and suppliers. Additionally, staff either performed onsite visits or performed a comprehensive review of the website of new suppliers to better understand the supplier and its business practices prior to engaging with the supplier.

The Company will perform a more in-depth review and audit of its suppliers prior the filing of its next annual report.

6. ASSESSING AND MANAGING RISK

The Board of Directors and Management have conducted a thorough assessment and determined that POET faces minimal exposure to the risks of forced or child labor within its operations or supply chain. However, in response to the passage of the ACT and in alignment with our commitment to ethical sourcing, the Company has initiated some measures to enhance its oversight of supplier compliance.

The Company will attempt to gain insight into our suppliers' dedication and commitment to eradicating forced and child labor. In addition, the Company will conduct periodic training sessions to equip our employees and partners with the knowledge and tools necessary to identify and address instances of forced or child labor within our network.

Should any such instances be identified, POET will take action to mitigate risks while safeguarding the interests of all stakeholders involved. Our approach emphasizes collaboration, transparency, and continuous improvement as we strive to uphold the highest standards of ethical conduct across our operations and supply chain

7. APPROVAL AND ATTESTATION

The Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of POET.

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.



Suresh Venkatesan
CEO and Chairman of the Board of Directors
POET Technologies Inc.
May 30, 2024

I have authority to bind the Company

