



2023 Forced Labour and Child Labour Report

1. ABOUT THIS REPORT

This report relates to the financial year ending December 31, 2023. It is published by E2IP Technologies Inc. in compliance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"). References in this report to "**E2IP**", "**Company**", "**we**", "**our**" and similar terms are to E2IP Technologies Inc.

This report provides an overview of the steps taken by the Company within its last financial year to prevent and reduce the risk of forced labour or child labour in its activities and supply chain.

2. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

At E2IP, people are everything. We started as a family business and we understand that the most important quality of any organisation is its people. For this reason, we have cherished and maintained the value of the human aspect during our continued growth. Providing a trusted space for equity, diversity, integrity, and respect, where each individual is valued for who they are, is considered integral to the E2IP mission.

During the last financial year, we have taken steps to prevent and reduce risks that forced labour or child labour be used at any step of our production of goods in Canada or elsewhere or of goods imported into Canada by us, including the following:

- We mapped our activities and our supply chain through a risk assessment and prioritization exercises, and we have prioritized our due diligence efforts based on such analysis.
- We continued to engage with our suppliers through audits and tracking of supplier performance, including with regards to sustainability matters and forced labour and child labour risks.
- We have been developing and implementing an action plan and requesting suppliers to adhere to our supplier code of conduct. The code contains a prohibition of forced and

child labour as well as grievance mechanisms allowing for the reporting of violations, which may include any human rights abuses.

- We continued to gather information on worker recruitment and maintaining internal controls to ensure that all workers at E2IP are recruited voluntarily and treated fairly through our recruitment process.

This report provides a description of the above actions, among others, as well as additional initiatives that we intend to implement in 2024, which includes the development of a comprehensive employee code of ethics applicable outlining our commitment to ethical behavior and responsible business practices and the deployment of a few training program on ethics, compliance, anti-corruption, and human rights.

3. ABOUT US & OUR SUPPLY CHAIN

E2IP was founded more than 30 years ago as a family business specializing in screen printing. As time progressed, the Company diversified its offerings to grow organically and through acquisitions into new market segments, innovating and expanding its solutions. Today, the company is recognized for its expertise and carefully crafted IP and technology portfolio, which regroups five main products: Smart Structural Surfaces™ (In-Mold Electronics), Electromechanical Systems (EMS), Membrane Switches, 5G Smart Surfaces and Smart Touch Surfaces (Embedded Systems).

E2IP has two production facilities in Québec and one in Ontario. In addition, we have a high-volume manufacturing facility located in Casablanca, Morocco, where workers report to the Montreal division. Our plans include the consolidation of our Canadian facilities into an integrated Manufacturing-R&D facility located in Montreal. By the end of 2024, this facility will serve as both E2IP's new head office and a hub for our operations.

We also hold an Ecovadis certification that enables us to consistently evaluate and monitor our advancements in the areas of labour and human rights. This certification demonstrates the organization's commitment to sustainable and responsible business practices.

The vast majority of our suppliers are located in North America, representing 65% of our purchases. The remainder of our sourcing extends globally. Our direct suppliers also have their own value chain on which we do not have complete visibility.

To ensure a reliable supply chain, the Company has established long-term relationships with reputable suppliers, with some partnerships spanning over 20 years. Inevitably, we need to onboard new suppliers each year to meet growing demand, but the onboarding process include thorough due diligence maintaining a balance between adaptability and safety in our supply chain. We strive to achieve transparency regarding the origin of our raw materials, to the extent we can access the relevant information.

4. POLICIES AND DUE DILIGENCE PROCESSES

In our ongoing efforts to enhance diligence and mitigate risks associated with forced labour and child labour, the Company is actively incorporating responsible business conduct into its practices and policies. This proactive approach, which will be reinforced in 2024 by the implementation of new initiatives, aims to address human rights risks within our operations and supply chains.

Due diligence process

Our action plan for addressing forced labour and child labour risks focusses on risk mapping, prioritizing our due diligence efforts on the most severe risks of forced and child labour and engaging with our supply chain partners to effectively address and mitigate these risks and help them improve their practices.

During our last financial year, we have undertaken a comprehensive effort to map our suppliers and identify potential risks. This process involves assessing various factors by requesting our suppliers to complete a supplier questionnaire providing information such as the supplier location, the commodity procured, code of conduct, compliance with labour regulations, labour practices and worker safety. This approach allows us to make informed decisions, foster transparency, and work collaboratively with our suppliers to create a responsible and sustainable supply chain.

E2IP has a detailed and robust supplier selection process that ensures we only partner with companies meet our selection guidelines. In addition, the Company has policies and ad hoc due diligence processes in place to address the issue of forced labour and child labour. These processes primarily focus on confirming that there are no conflict minerals involved. The determination of high-risk suppliers is made jointly by our customer and the Company. Preferred suppliers are those who actively work towards reducing risk in their own supply chain, ensuring compliance and reliability.

Supplier Code of Conduct

To further enhance our commitment to ethical business practices, we have established a comprehensive Supplier Code of Conduct. This code sets forth the minimum standards that we expect our suppliers to uphold in various areas, including labour and human rights, health and safety, ethics and compliance and environment and includes specific clauses prohibiting the use of forced and child labour.

Pursuant to a requirement in our contracts with suppliers, the Supplier Code of Conduct is signed by our suppliers at the beginning of our relationship and is reevaluated periodically (every three years maximum). This contractual requirement ensures that adherence to the code remains an ongoing obligation throughout our business partnership. Any violation of the code will be considered a breach of the agreement with E2IP, subject to appropriate actions and consequences. To ensure compliance, we actively monitor our suppliers' adherence to the code and take necessary measures to address any instances of non-compliance.

The Supplier Code of Conduct includes grievance mechanisms to provide channels for individuals to voice their concerns.

Recruitment Process

At our Company, we foster a culture of collaboration and development, allowing individuals to actively participate in the recruitment process. For local staff, we engage an external placement agency to conduct our hiring process, which includes crucial steps such as verifying identification, validating social insurance documentation, and completing necessary forms. We choose the agency based on their expertise for specific position based upon their reputation and our experience. For our Morocco facility, our recruitment process is managed through a human resources external office, to hire procurement employees reporting to the Montreal division. All employees, including those in Morocco, are highly qualified, mostly engineers. No matter where we operate, we strive to uphold ethical recruitment practices and safeguard labour rights, therefore mitigating the risk of forced labour or child labour in all our operations.

Employee Code of Ethics and Policies

Furthermore, the Company has implemented a policy to address harassment in the workplace. This policy aims to maintain a respectful work environment exempt from all forms of harassment and affirm our commitment to taking the necessary measures to prevent and suppress such situations. It provides mechanisms for reporting complaints and conducting investigations, and includes provisions to protect against retaliation and maintain confidentiality

In 2024, we will be developing a comprehensive code of ethics that will be applicable to all employees, consultants, and directors and outline our commitment to ethical behavior and responsible business practices, including the strict prohibition of forced labour and child labour. By establishing clear guidelines, we aim to create a culture where everyone understands their role in upholding human rights standards.

5. RISK ASSESSMENT & REMEDIATION MEASURES

We have initiated a supplier mapping and risk identification process which allows us to prioritize our due diligence efforts.

E2IP has established longstanding relationships with numerous reputable suppliers, many of which are well-known companies. These suppliers, primarily located in North America (Canada and US), demonstrate a strong commitment to upholding high human rights standards.

That said, we recognize that there is no such thing as a risk-free supply chain and although we have not identified any definitive area of concerns, we acknowledge that forced labour and child labour risks may arise from the raw materials or commodities we use, as well as the involvement of tier two and tier three suppliers, as well as suppliers further down the supply chain.

Risks of forced labour and child labour may also arise deeper into our supply chains, specifically in the sectors of mining, quarrying, and oil and gas extraction, as well as manufacturing. To address these risks, we have implemented measures focused on traceability and we require Tier 1 suppliers to sign an attestation of their capability to provide complete traceability within their supply chain. This commitment ensures that the origin and movement of raw materials can be accurately tracked and verified, helping to minimize risks. By prioritizing traceability, we aim to promote transparency and ethical practices throughout our supply chain.

To date, we have not received any reports or identified any specific instances of forced labour or child labour within our operations or supply chain. As such, no measures were taken to remediate such instances or to remediate the loss of income to the most vulnerable families that may result from such measures.

6. TRAINING

We are currently developing training programs that will provide our employees with the knowledge and tools necessary to identify, address, and prevent instances of forced labour in our supply chain. Through these trainings, we aim to raise awareness and foster a sense of responsibility among our workforce and to empower our employees to become active participants in the fight against forced labour. The trainings will touch different topics such as ethics, compliance, anti-corruption, and human rights.

7. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

We have various measures in place to assess the effectiveness of our measures:

- We monitor complaints under Supplier Code of Conduct, if any, and keep track of their progress to ensure timely resolution and compliance.
- We partner with our clients to conduct independent assessments, particularly in sectors such as aerospace and medical where clients demand high standards. This external review provides an additional layer of scrutiny to ensure compliance with anti-forced labour and child labour requirements.
- We actively work with our suppliers to measure the effectiveness of their actions in addressing forced labour and child labour. This involves tracking relevant performance indicators through audits to monitor their compliance and progress in eradicating these practices.

By implementing these policies and procedures, we strive to continuously assess and improve our efforts in combating forced labour and child labour, demonstrating a commitment to ethical practices throughout our operations and supply chains.

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8. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of E2IP Technologies Inc. on May 31, 2024 pursuant to paragraph 11(4)(a) of the Act and constitutes the report for the financial year ending December 31, 2023.

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 Company. 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 indicated above.

I have the authority to bind E2IP Technologies Inc.

DocuSigned by:

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Full name: Eric Saint-Jacques

Title: President

Date: May 31, 2024