

Report on Forced Labor in Canadian Supply Chains: Ynvisible Interactive Inc.

Introduction

Forced labor and child labor are significant human rights concerns that continue to plague supply chains globally. As a responsible corporate entity, Ynvisible Interactive Inc., a small Canadian electronic paper (e-paper) product company with production facilities in Sweden and Product Development/Prototyping in Portugal, is committed to upholding ethical standards and preventing forced labor and child labor in its operations and supply chains, whether in Canada or elsewhere. Most of our raw materials are sourced from suppliers in Europe and Japan, where child labor is strictly prohibited. In addition, our human resources, supplier, and customer policies enforce these standards and we continue to strengthen these policies as our business expands.

This report outlines the steps taken by Ynvisible Interactive Inc. and its subsidiaries to prevent and address these issues within its operations and supply chains, along with its structure, policies, and remediation efforts.

Steps Taken in the Previous Financial Year

During the 2023 and 2024 financial years, Ynvisible Interactive Inc. and its subsidiaries started to implement several measures to prevent and reduce the risk of forced labor and child labor within its production processes and supply chains:

- Ynvisible group companies are located within geographies with strict labor protection laws and strong enforcement systems, including Canada, Sweden and Portugal. All group companies, especially its operational centers in Europe, apply strict measures to avoid any type of forced labor or child labor during their recruitment and hiring processes.
- All group companies rely on external references, for supplier engagement and assessment, paying special attention to suppliers' credibility, reputation and certifications.
- As a general guideline, all group companies favor the engagement with suppliers located in geographies with strong labor protection laws and where enforcement is strict and taken seriously. Ynvisible's suppliers of raw materials for manufacturing of its e-paper displays, the main product sold by the company, are located in Sweden, France, Belgium, Finland and Japan.
- In addition, another general guideline also followed by Ynvisible group companies, is to favor large, multinational, certified companies, with credibility in the market, rather than small

privately-held businesses, especially when these suppliers are geographically located in regions where labor laws might not be as strict or enforced, as in most European countries and Japan, such as China.

- Ynvisible Interactive Inc.'s subsidiaries started the process of implementing the ISO (International Organization for Standardization) 9001 quality management system during 2023/2024. Within this context, in the last 18 months the companies put in place first steps to:
 1. conduct audits of its suppliers, including to assess compliance with labor standards and identify any potential risks of forced labor or child labor. These audits will be fully implemented and supplemented by due diligence processes, including supplier questionnaires and other pertinent measures, starting in 2025;
 2. prepare and distribute a Supplier Code of Conduct to all its suppliers, which explicitly prohibits the use of forced labor and child labor in any form. All suppliers of all company groups will be required to acknowledge and adhere to these standards as part of their contractual agreements with Ynvisible Interactive Inc. and/or its subsidiaries;
 3. conduct comprehensive supply chain mapping, to identify potential areas of risk for forced labor or child labor. This mapping exercise will help the group companies understand the complexities of its supply chains and prioritize risk mitigation efforts.

Structure, Activities, and Supply Chains

Ynvisible Interactive Inc. is a public company listed on the TSX Venture Exchange under the trading symbol "YNV", on the OTCQB under the symbol "YNVYF", and FSE under the symbol "1XNA". Ynvisible Interactive Inc. is the parent company and sole owner of Ynvisible Production AB, located in Sweden, and YD Ynvisible, S.A., located in Portugal.

Ynvisible group is engaged in the development and manufacturing of printed, flexible e-paper displays, an emerging technology within Printed Electronics. Printed Electronics use new materials with electronic properties that are processable into inks and can be printed into thin layers (using conventional print house equipment) onto flexible materials, such as plastic and paper. Ynvisible group has developed and integrated know-how, design skill, development acumen, manufacturing capabilities and intellectual property in printed electrochromic displays ("ECDs"), materials, inks, display systems, and complementing electronic components. Ynvisible's printed displays can be easily produced, using conventional printing techniques, and integrated into finished product solutions,

such as labels, smart cards, digital signs and electronic devices used in the diagnostics, medical and supply chain industries.

As a group of companies, Ynvisible operates almost exclusively from Europe, through Ynvisible Production AB, which is Ynvisible's Manufacturing facility, primarily engaged in the production of printed e-paper displays and other printed electronic devices, and YD Ynvisible, S.A., which functions as a Customer Solutions and Prototyping Center. Ynvisible Interactive Inc., in Canada, bridges the operations in Europe to the North American market, through its local Investor Relations and Sales & Marketing teams. While Ynvisible group's production and prototyping facilities are located in Europe, its products are sold to customers in various countries worldwide, including Europe, North America and Asia. On the supplier side, Ynvisible sources its raw materials and components from a diverse range of suppliers across multiple countries, mainly in Europe and Japan. However, Ynvisible's overall customer and supplier diverse geographic distribution do not make its supply chains complex, since the suppliers that supply all raw materials for the production of Ynvisible e-paper displays, the main product sold by the company, are only a total of 8, 6 from Western Europe - Sweden, France, Belgium and Finland - and 2 from Japan. Ynvisible also purchases small quantities of other materials and components, for example from the Electronics industry, from China. Although the volumes of these ordered materials and components are quite small, these suppliers are currently being assessed by the company.

It is important to underline that Ynvisible group is a small company, at the beginning of its product commercialization stage: the total income of the group was approximately CAD\$1.9m in 2023 and CAD\$1.2m in 2024, while expenses were approximately CAD\$6.7m and CAD\$6.2m, respectively, in the same periods. These numbers highlight that the business is not yet fully mature and is expected to grow in the future. Therefore, with the expected growth of the business in the coming years, and the expected increase in supply chain complexity and interconnectedness, it is important for the group to continue to strengthen its policies and processes to prevent and reduce the risk of forced labor and child labor within its production processes and supply chains.

Policies and Due Diligence Processes

Ynvisible Interactive Inc.'s European subsidiaries started the process of implementing the ISO (International Organization for Standardization) 9001 quality management system during 2023/2024. Within this context, the companies put in place first steps to:

1. Define a comprehensive policy and procedures for supplier onboarding and monitoring, including guidelines on forced labor and child labor.
2. Prepare and distribute a Supplier Code of Conduct to all its suppliers, which explicitly prohibits the use of forced labor and child labor in any form and outlines the expectations for suppliers in terms of labor standards, human rights, and ethical conduct. All suppliers of all group companies will be required to acknowledge and adhere to these standards as part of their contractual agreements with Ynvisible Interactive Inc. and/or its subsidiaries.
3. Conduct audits of its suppliers, including to assess compliance with labor standards and identify any potential risks of forced labor or child labor. These audits will be fully implemented and supplemented by due diligence processes, including supplier questionnaires and risk assessment activities, to ensure compliance with Ynvisible's ethical sourcing standards. In 2025, Ynvisible intends to progressively integrate these procedures into the company's supplier onboarding and monitoring processes.
4. Conduct comprehensive mapping of its supply chains, to identify potential areas of risk for forced labor or child labor. This mapping exercise will help the group companies understand the complexities of its supply chains and prioritize risk mitigation efforts.

Ynvisible expects these processes to be fully implemented and strictly followed by 2026. Ynvisible is also committed to continue to strengthen its policies and procedures regarding forced labor and child labor, as the complexity and dimension of its operations and supply chains increase, with the growth of the business.

Assessment of Risks and Risk Management

Ynvisible Interactive Inc. and its subsidiaries recognize that certain components of its business and supply chains may carry a higher risk of forced labor or child labor. To assess and manage these risks, in the last 18 months the group companies began to take first actions to:

- conduct regular risk assessments to identify high-risk areas within its supply chains, such as regions with weak labor protections or industries notorious for labor exploitation;
- implement risk mitigation strategies tailored to the specific risks identified, which include supplier engagement, capacity building, and collaboration with industry partners and stakeholders.

Given the relatively small number of suppliers that Ynvisible group engages with outside of Western Europe and North America, no risks have, so far, been identified. However, as pointed out above, a number of small suppliers from Asia are currently being assessed.

All Ynvisible group companies will continue to strengthen its risk assessment and mitigation strategies regarding forced labor and child labor, as the complexity and dimension of its operations and supply chains increase, with the growth of the business.

Remediation Measures

As of the date of this report, Ynvisible group has not identified any risks or actual proven occurrences of forced labor or child labor within its facilities or supplier networks.

However, in the event that forced labor or child labor is suspected or identified within its supply chains, Ynvisible Interactive Inc. and its subsidiaries will take immediate remediation measures, including:

- **Supplier Engagement:** Working closely with suppliers to address labor violations, provide remediation support, and implement corrective actions to prevent recurrence.
- **Contractual Obligations:** Enforcing contractual obligations and, if necessary, terminating relationships with non-compliant suppliers.

Measures to Remediate Loss of Income

Ynvisible Interactive Inc. recognizes the importance of supporting vulnerable families affected by measures to eliminate forced labor or child labor. In the event that forced labor or child labor is suspected or identified within its supply chains, Ynvisible Interactive Inc. and its subsidiaries will take immediate action to engage with local communities to understand the socio-economic impacts of its operations and supply chains and develop initiatives to support affected families. Such initiatives may include providing alternative livelihood opportunities and access to education and social services.

Employee Training

Given the current dimension of its team and business, and the tight control that exists regarding supplier engagement/approval and purchasing, which is centralized in 4-5 top executives in the group companies, Ynvisible does not currently provide specific and comprehensive training to its employees on forced labor and child labor. However, should the need arise, especially with the

expected growth of the business, and as the complexity and dimension of its operations and supply chains increase, Ynvisible is prepared to initiate such training activities, including.

- **Awareness Training:** Raising awareness among employees about the risks of forced labor and child labor, their responsibilities in identifying and reporting potential violations, and the company's commitment to ethical sourcing practices.
- **Training Modules:** Developing training modules and resources to equip employees with the knowledge and skills necessary to identify, address, and prevent labor violations within the company's operations and supply chains.

Assessment of Effectiveness

Ynvisible Interactive Inc. and its subsidiaries are prepared to continuously assess the effectiveness of its efforts to ensure that forced labor and child labor are not used in its business and supply chains, namely through:

- **Monitoring and Evaluation:** Monitoring key performance indicators related to labor standards compliance, conducting internal audits and reviews, and soliciting feedback from stakeholders to evaluate the impact of its initiatives.
- **Continuous Improvement:** Identifying areas for improvement and implementing corrective actions to strengthen its approach to preventing and addressing forced labor and child labor.

Conclusion

In conclusion, Ynvisible Interactive Inc. and its subsidiaries are committed to upholding ethical standards and ensuring that forced labor and child labor are not used at any step of its production processes or supply chains. Through evolving comprehensive policies, due diligence processes, risk assessments, remediation efforts, employee training, and continuous evaluation and improvement, the group will continue to strive to set a high standard for ethical sourcing practices and contribute to the eradication of forced labor and child labor globally.

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.

Name: Inês Henriques

Title: Director of the Board

Date: May 26, 2025

Signature: 

I have the authority to bind Ynvisible Interactive Inc.