



2024 Report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

1. Introduction

This joint report is prepared pursuant to Canada's new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") and pertains to D-BOX Technologies and its wholly owned US subsidiary D-BOX USA Inc. ("**D-BOX**", the "**Corporation**", "**our**" or "**we**") for our fiscal year ended March 31, 2024 (the "**Reporting Period**"). It sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by the Corporation.

2. Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

The Corporation is committed to conducting its business in an ethical, legal and socially responsible manner, with an ever more responsible approach by promoting, accelerating, and facilitating the integration of sustainable development principles into its business model.

In particular, we consider the respect of human rights to be a fundamental corporate responsibility and a value governing all of our activities.

Generally, during the Reporting Period, the Corporation took, or has maintained, the following steps to prevent and reduce the risk of forced labour or child labour in our activities and supply chains:

- Review, update and development of provisions, policies and measures pertaining to the health and wellbeing of our employees;
- Implementation of a whistleblower policy to encourage the Corporation's employees to report acts of wrongdoing without fear of retribution;
- Review and update of our Supplier Code of Conduct to include provisions pertaining to forced and child labour;
- Review and update of the due diligence and audit processes of our suppliers;
- Registration as a supplier on the Sedex platform.



3. Structure, Activities and Supply Chains

D-BOX Technologies Inc. is incorporated under the *Canada Business Corporation Act*. Its Class A common shares are listed on the Toronto Stock Exchange.

On March 31, 2024, the Corporation had 100 employees. Approximately 95% of those employees were Canadian residents and 5% were US residents.

The Corporation is headquartered in the greater Montreal (Québec) area and all of its Canadian employees work at that location. Its manufacturing and procurement operations are conducted at the head office in Canada. Sales, marketing, and software programming resources are located in Canada and in Los Angeles, California.

D-BOX designs, manufactures and commercializes haptic systems consisting of software (computer-programmed haptic code), and hardware (electromechanical actuators and a controller). A team of haptic coders at D-BOX produces haptic effects programmed for any type of content (film, racing simulator, music, training material) that are sent to a haptic system integrated within a platform, a seat or various other types of equipment.

To manufacture its hardware products, D-BOX procures raw materials and components, such as motors, electronic and electric components, and mechanical parts, from various suppliers around the world. The vast majority of D-BOX's suppliers are located in North America, and some are located in Asia. Certain products are assembled and tested in our own facility in the greater Montreal area, and some others are assembled in Asia or Europe, in some cases to meet specific client requests.

Once assembled, the actuators are sold to clients who incorporate them into their own products, such as a racing chassis, a training simulator or a movie theatre seat, themselves or through a third-party chosen by the client.

Throughout these stages, D-BOX needs to manage logistics, quality control, and relationships with suppliers and clients to ensure the efficiency of its supply chain. Additionally, D-BOX needs to adapt to changes in demand, technological advancements, and other external factors that can impact our operations.

4. Policies and due diligence processes

4.1 *Employee Handbook and Code of Ethics and Business Conduct*

The Corporation has adopted an Employee Handbook as well as a Code of Ethics and Business Conduct (together, the "**Code of Ethics**") applicable to all the directors, senior management and all employees and consultants of the Corporation. The Code of Ethics states or implies, among other things, that:

- Any form of harassment, sexual or psychological, is strictly prohibited;
- Overtime (beyond a 40-hour work week) when applicable is voluntary and paid in accordance with local labour laws;



- Work schedules are flexible and hybrid (remote and in-person work) for the vast majority of its employees;
- Employees are free to resign at any time without penalty.

Moreover, D-BOX will not hire anyone who is obligated to attend school in accordance with local laws, except for summer employment within certain limits.

4.2 *Health and Wellbeing Policy*

Because the Corporation recognizes that addressing health and wellbeing can lead to healthier and happier employees, and that safeguarding employee health and wellbeing is an important part of D-BOX's organizational culture and identity, it has adopted a health and wellbeing policy.

The goals of this policy, among others, are to improve morale and job satisfaction, reduce absenteeism, and reduce injury. Under this policy, the Corporation has implemented a series of initiatives including: encouraging employees to participate in regular physical activity on work premises, offering a virtual healthcare platform where employees can consult a health professional from the comfort of their home or office, and identifying safety and health risks and taking measures to prevent workplace accidents.

4.3 *Whistleblowing Policy*

The Code of Ethics contains a whistleblowing policy allowing any person who believes that another employee, consultant, officer or director is engaging or is about to engage in conduct that violates applicable legislation or the Code of Ethics to report such conduct to a colleague (including supervisors, human resource representatives, legal representatives, or executive officers), or, anonymously or not, to an independent person appointed by the Compensation and Corporate Governance Committee.

In such case, the Corporation may not punish, discriminate or retaliate against such person.

4.4 *Supplier Code of Conduct*

D-BOX has adopted a Supplier Code of Conduct (the "**Supplier Code of Conduct**") that contains minimum requirements that must be met by its suppliers in order to do business with D-BOX.

The Supplier Code of Conduct specifically includes provisions prohibiting child labour and forced labour, as follows:

- 4.1 ***Forced Labour, Human Trafficking and Slavery.*** *Suppliers will not use any form of forced labour including prison, indentured, bonded, military, slave or any other forms of forced labour. Suppliers will not participate in the recruitment, transportation, transfer, harbouring or receipt of any persons by means of threat, use of force, or any other forms of coercion, abduction, fraud, deception, abuse of power or position of vulnerability, or the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation. Suppliers will not retain an employees' government-issued identification, passports or work permits as a condition of employment and will allow employees to resign from their positions at any time.*



4.2 Child Labour. *Suppliers will ensure that no underage labour has been used in the production or distribution of its goods or services. Employees must not be younger than the minimum employment age established by each respective country or local jurisdiction. In the event no minimum employment age is established, employees must not be younger than the age of compulsory education.*

It also contains a provision requiring suppliers to comply with all applicable wage and compensation requirements, and prohibiting suppliers to require workers to work more than the maximum hours of daily labor set by local laws.

4.5 *Due Diligence and Audit Processes of Our Suppliers*

D-BOX uses a risk-based approach to identify and categorize risks in its supply chain, which may vary depending on factors such as country risk indicators, supplier's category and type of products or services offered by the supplier. This approach helps us prioritize our efforts and interventions, which could include an additional layer of due diligence and further ongoing monitoring to be performed if the results of our risk analysis shows that a supplier presents a higher risk.

The Corporation's procurement department also acts jointly with the Legal Department which, for its part, actively participates in the negotiation of contracts while providing recommendations and opinions. The Legal Department also ensures that contracts comply with the legislation in force and with ethical practice standards, while guiding contracting parties on their legal responsibilities.

4.6 *Sedex Membership*

To create a more socially and environmentally sustainable supply chain, D-BOX has become a member of Sedex, which is a platform that helps manage, assess, and report on sustainability performance and, ultimately, meet all the supply chain goals of D-BOX.

Upon becoming a Sedex member, the supplier first completes a self-assessment questionnaire that covers a wide array of subjects that include the prevention and reduction of the risk of forced and child labour. This questionnaire helps the supplier assess the sustainability of its supply chain and identify the most important risks, but it also provides information that is made available to purchaser Sedex members who are linked to the supplier Sedex member.

5. Forced Labour and Child Labour Risks

We believe that the risk of forced labour or child labour among our personnel is negligible because we comply with labour standards currently in force in Canada and the US where our entire workforce is located, and those standards are very strict against any type of forced labour or child labour throughout the supply chain.

We do, however, need to have measures in place to ensure that our suppliers, who can be in higher-risk countries for example, understand our concern with forced and child labour and take measures to align their policies with ours in order to avoid forced or child labour.



On that basis, we ask our suppliers to comply with our Supplier Code of Conduct that contains provisions pertaining to forced labour, human trafficking, slavery and child labour (see item 4.4). We also use a risk-based approach to assess the risk for forced or child labour, among others, in our due diligence and audit processes of our suppliers (see item 4.5).

While we have proactively implemented measures to prevent and reduce the risk of forced labour or child labour in our activities and supply chain, such as to conduct supplier due diligence and audit processes, and to require our suppliers to comply with our Supplier Code of Conduct, we cannot guarantee their compliance with our Supplier Code of Conduct, nor can we oversee or enforce it in their business operations.

6. Remediation Measures, and Remediation of Loss of Income

Despite the due diligence and audit processes of our suppliers, and our reporting mechanisms provided for in our Code of Ethics (with its whistleblowing policy) and Supplier Code of Conduct, we have not been made aware of any non-compliant situations in our supply chain. If such a situation is identified, D-BOX will take appropriate measures to develop and implement a corrective action plan to improve and remedy the situation, which may include the remediation of loss of income.

7. Training

The Corporation's employees receive regular training on our policies and various other topics. On an annual basis, all of our office employees are required to certify their abidance by our Code of Ethics.

D-BOX intends to provide additional training to targeted audiences that will include forced and child labour.

8. Assessing effectiveness

D-BOX has in place a number of measures to prevent and reduce the risk of forced labour or child labour in our activities and supply chain. We have not yet taken any measures to assess the effectiveness of those measures but we intend to do so in the future.

9. Approval and Attestation

This report was approved by the Board of Directors of D-BOX Technologies Inc. as being a joint report of D-BOX Technologies Inc. and D-BOX USA Inc. for the fiscal year ended March 31, 2024, in accordance with subparagraph 11(4)(b)(i) of the Act.

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 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.



I have the authority to bind D-BOX Technologies Inc. and D-BOX USA Inc.

Signed: Sébastien Mailhot

Full Name: Sébastien Mailhot

Title: Director, President and Chief Executive Officer, D-BOX Technologies Inc.
Chief Executive Officer, D-BOX USA Inc.

Date: May 30, 2024