

NanoXplore Inc.

Report Under The Fighting Against Forced Labour and Child Labour In Supply Chains Act

Financial Year Ended June 30, 2024



TABLE OF CONTENTS

Application	1
Measures to prevent and reduce the risks of forced labour and child labour	1
Structures, Activities, Vision and Supply Chains	3
Structure.....	3
Activities and Supply Chains	2
Vision.....	2
Supply Chains	2
Polices and Due Diligence Process	4
Determining the Risk of Forced Labour or Child Labour	5
Remediation Measures	5
Employee Training	4
Assessment of Effectiveness	4
Approval and Attestation	4

Application

The following is a joint report prepared pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") that pertains to NanoXplore Inc. and its wholly owned operating subsidiary Rene Composite Materials Ltd. ("RMC") (collectively, "NanoXplore" or the "Corporation"). The above-mentioned entities hereby report to the Minister of Public Safety and Emergency Preparedness on the various measures taken during their previous financial year ended June 30th, 2024 to prevent and reduce the risks that forced labour or child labour is used at any step of the production of their goods, in Canada or elsewhere, or of goods imported into Canada thereby.

None of the entities included in this report are subject to reporting requirements under supply chain legislation in another jurisdiction.

Measures to prevent and reduce the risks of forced labour and child labour

Generally speaking, in the previous financial year we took the following measures to prevent and reduce the risk of forced labour or child labour in our activities and supply chains:

- In compliance with our policies, we continued to conduct the due diligence of our existing and potential suppliers.
- Participated in an external working group on the new obligations set forth by the Act regarding modern slavery disclosure requirements, led by a global law firm in Canada, with approximately twenty other major Canadian corporations.
- Drafted a standard compliance provision to be included in all future supplier contracts, pursuant to which suppliers must acknowledge and sign read the Corporation's Supplier Code of Ethics and Conduct and undertake to comply with its terms and all applicable laws and regulations regarding child labour and forced labour in Canada;
- Formally adopted a Supplier Code of Ethics and Conduct in light of the introduction of the Act in order to comply with its reporting requirements and to reflect the Corporation's engagement to further monitor and prevent forced labour or child labour risks in its supply chains;
- Formally adopted its Conflict and Critical Materials policy;
- Mapped its activities and supply chains;
- Conducted an internal assessment of risks of forced labour and child labour in its supply chains; and
- Started carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced labour or child labour.

Between July 1st, 2024 and the publication of this report, the Corporation took the following steps:

- Completed a third-party supplier risk assessment covering over 80% of total procurement spend.
 - The assessment included a structured survey designed to evaluate supplier compliance with key international standards, including ISO 26000, SA8000, the Ten Principles of the UN Global Compact, the UN Practical Guide to Sustainable Supply Chains, and the Global Reporting Initiates Standards.
 - Overall, the results indicated that suppliers generally present low to moderate risk levels across areas such as human rights, labour practices, environmental performance, and anti-corruption.
- A comprehensive supply chain risk mitigation strategy has been developed and is scheduled for implementation within the current calendar year.
- Targeted training on the prevention of modern slavery was delivered to all relevant employees involved in supply chain operations, enhancing their ability to recognize, assess, and report potential risks.

Structures, Activities, Vision and Supply Chains

Structure

NanoXplore Inc. is a corporation incorporated under the Canada Business Corporation Act, headquartered in Montréal, Québec, and listed with the Toronto Stock Exchange (TSX: GRA).

Rene Materials Composites Ltd. is a corporation incorporated under the Canada Business Corporation Act, headquartered in St-Ephrem-de-Beauce, Québec.

Activities and Supply Chains

NanoXplore operates across three countries: the United States, Canada, and Switzerland, with over 430 employees spanning North America and Europe. Our organization is structured around two main segments: advanced materials, plastics and composites products and battery cells and materials.

NanoXplore Inc. collaborates closely with end-customers and compounders, providing graphene powder and expertise in its incorporation into plastics.

Meanwhile, Rene Materials Composites Ltd. is a plastic and composite manufacturer. It serves prominent OEM customers, offering solutions ranging from precision injection molding to the fabrication of large composite plastic parts. By integrating graphene into our products, we enhance performance while ensuring cost efficiency for end-users.

Vision

Our vision is to create a better tomorrow by providing innovative, sustainable products and solutions across multiple industries and applications.

We are professional and trustworthy in our working relationships. We strive for equality and fairness in our decision making as well as in our treatment of one another. We hold ourselves accountable to the highest ethical and performance standards. We are honest and transparent in our relationship with our shareholders and stakeholders.

Supply Chains

Our global supply chain spans North America, Europe, and Asia, with a focus on minimizing distances wherever feasible. We prioritize collaboration with local vendors to foster community empowerment and economic growth. Our preference for local sourcing reflects our commitment to sharing economic benefits with host communities.

For the financial year ended June 30, 2024, NanoXplore had over 250 direct suppliers.

NanoXplore's supply chain similarly sources the majority of its minerals from conflict-free regions. Resins for its extrusion activities are primarily sourced from North America. NanoXplore aims to source services from nearby suppliers, only outsourcing for specialized needs.

NanoXplore benefits from being located in a manufacturing region with many local suppliers and partners, which supports the local economy. Most NanoXplore's suppliers are based in North America with only a small percentage located overseas. Most of the goods NanoXplore uses in its products, such as resins, minerals, and chemicals for composite production are sourced from the United States and Canada. This geographical concentration of suppliers reduces, but does not eliminate, the risk of modern slavery within the supply chain. For services, the Corporation tends to source locally, except for specialized support, which may be contracted overseas.

Policies and Due Diligence Process

Policies and procedures were implemented to prevent and mitigate the risks relating to the use of child or forced labour in the supply chains.

Code of Ethics

The Code of Ethics applies to NanoXplore and all of its subsidiaries. The latter seeks, among other things, to promote socially responsible conduct, integrity and corporate responsibility. All NanoXplore's employees signed the Code of Ethics.

We demand that all our employees show honesty, equity and integrity in all aspects of their actions.

Supplier Code of Ethics and Conduct

The Supplier Code of Ethics and Conduct, which sets out the NanoXplore's values and expectations of itself and of its suppliers, agents, consultants and other third parties and business partners and their respective employees, directors and officers, has been recently adopted.

The Code sets forth expectations regarding health & safety, ethical behavior, fair labour practices, environmental responsibility, legal compliance, and business integrity. It applies to all interactions and transactions between NanoXplore and its suppliers, regardless of geographical location or industry sector.

This code stipulates, among other things, that suppliers:

- are expected to conduct their business affairs with the highest level of integrity, honesty, and ethical behavior, aligning with NanoXplore's values and ethical standards;
- must comply with all applicable laws, regulations, and industry standards governing their operations, including but not limited to environmental, labour, health, and safety regulations;
- are expected to uphold principles of social responsibility, including respect for human rights, fair labour practices, diversity, inclusion, and community engagement.

Whistleblowing Policy

A whistleblowing procedure has been put in place by NanoXplore for anyone who believes that a supplier, employees, agents, consultants and other third parties and business partners have engaged in illegal, unethical, or otherwise wrongful conduct, or conducted any other activity in violation of the Supplier Code of Conduct. Should employees or suppliers have any inquiries or concerns regarding our Supplier Code of or our commitment to ethical conduct, they could either anonymously write to us at: NanoXplore Inc. ATTN: Compliance, 4500 boulevard Thimens, Montreal, Québec, H4R 2P2, Canada or by email at compliance@nanoxplore.ca.

Conflict and Critical Materials Policy

NanoXplore's Conflict Minerals Policy (available on our website www.nanoXplore.ca) provides a general overview of our commitment to ethical and socially responsible business practices and recognizes responsibility to promote the protection of human rights.

Determining the Risk of Forced Labour or Child Labour

NanoXplore has identified that its activities in the mining and manufacturing sectors carry risks of forced labour and child labour. Specific efforts have been directed towards engaging with key vendors to ensure the supply of conflict-free minerals and materials, reflecting a commitment to responsible sourcing practices.

Remediation Measures

NanoXplore has not identified any instances of forced labour or child labour within its activities or supply chains; hence, no specific remediation measures have been implemented.

Employee Training

Currently, NanoXplore does not provide training to its employees on forced labour or child labour. This represents a significant area for potential improvement, as employee awareness and training are crucial components in the fight against modern slavery.

Assessment of Effectiveness

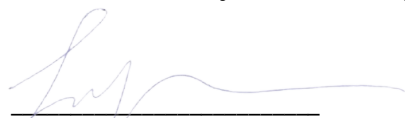
NanoXplore does not have formal procedures in place to assess the effectiveness of its measures to prevent forced labour and child labour. Implementing regular reviews, tracking performance indicators, and conducting independent audits could enhance the organization's capacity to ensure compliance and effectiveness.

Approval and Attestation

This report was approved by the Board of Directors of NanoXplore Inc. as being a joint report of NanoXplore Inc. and Rene Composite Materials Ltd. for the financial year ended June 30, 2024, in accordance with the 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 this report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this 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 NanoXplore Inc. and Rene Composite Materials Ltd.



Soroush Nazarpour,
Chief Executive Officer and Director of NanoXplore Inc. and Rene Composite Materials Ltd.