

A woman with curly hair and a man in a red tank top are seen from behind, looking at a large digital display. The display shows a complex, maze-like pattern with glowing blue lines. The background is dark with several glowing blue hexagonal shapes.

ACTIVATE[®]

Modern Slavery Report



Introduction

This Forced Labour and Child Labour Report (this “Report”) is made pursuant to Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada), also known as the Modern Slavery Act (the “Act”) for the financial year ending August 31, 2024 (“Fiscal 2024”).

This Report is a report which applies to, and describes the steps taken by, Activate Games Inc. (“AGI”) to mitigate forced labour and child labour in our organization’s operations and supply chains, which steps continue to evolve.

In this Report, AGI and all of its subsidiaries are hereinafter referred to collectively as “Activate” or “we”, “us” or “our” except where the context otherwise requires.

Respect for Human Rights

Activate fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights (“UNGPs”), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. In applying the lens of the UNGPs, we are beginning to assess the potential for our operations to cause, contribute to, or be directly linked to adverse forced labour and child labour. For the reasons described in this statement, we remain of the view that there is a low risk that our operations have caused or contributed to adverse child labour or forced labour as the largest part of our business is our Activate components that make up each of game rooms in our facilities and those are manufactured in-house by Activate in Canada. We have started to review our policies and procedures to assess whether the operations of our suppliers who provide goods used in our production and distribution processes cause or contribute to adverse human rights impacts.

The Act came into force on January 1, 2024. While as of the end of the last fiscal year Activate had not taken any material steps to identify and assess the risk of forced labour and child labour, following a risk-based approach, we are committed to continuous improvement in our policies and processes.

Corporate Structure, Activities and Supply Chains

Corporate Structure

Activate launched the first immersive gaming facility in Winnipeg, Manitoba in 2019, establishing itself as an industry leader and proud Canadian company. Incorporated under the Corporations Act in Manitoba, Activate Games Inc. (AGI) is the main operating company within the Activate family of entities and the sole owner of the Activate intellectual property.

AGI owns several subsidiary corporations that manage the Canadian store locations. Specific details of these subsidiaries are not required for reporting purposes. Nonetheless, all AGI subsidiaries follow AGI's policies with local adaptations, even though they are not reporting entities under the Act.

Activate Games Manufacturing Inc. (AGM), wholly owned by AGI, manufactures all Activate components needed to equip game rooms in Canada. These Activate components are then exported to corporate and partner store locations worldwide. AGM's manufacturing facilities are located in Winnipeg, Manitoba.

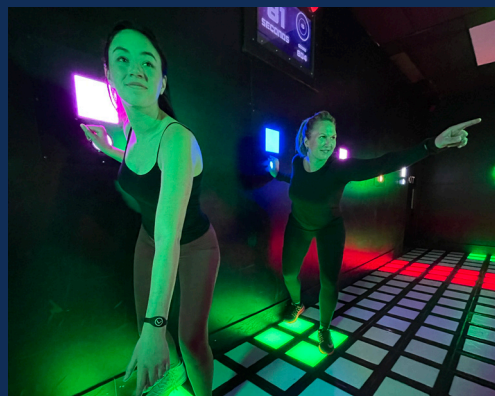
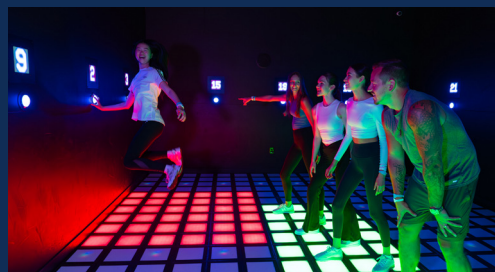
Activate Games Global Inc. (AGG), also wholly owned by AGI, handles new license and franchise agreements worldwide. Activate licenses the Activate System, which provides a real-life active gaming experience using AGI's intellectual property. This system includes the overall concept, name, software, layout design, and specifications for Activate game components.

Activities

AGI, established in 2017, is headquartered in Winnipeg, Manitoba. While AGI imports goods into Canada for its business needs, it does not produce, sell, or distribute goods directly. Instead, it controls AGM, which handles production, sales, distribution, and the importation and exportation of goods within and outside Canada. AGM's manufacturing facility is located in Winnipeg, Manitoba.

AGM imports some parts and materials into Canada but primarily manufactures Activate components for game rooms. These Activate components are produced solely by Activate, a Canadian company, and are used domestically and exported to corporate stores and partners in countries such as the United States, United Arab Emirates, and the United Kingdom.

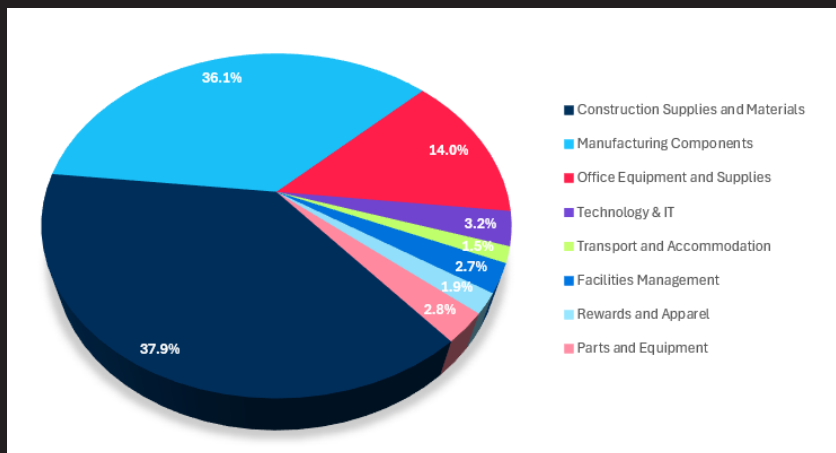
AGI operates in the provinces of Manitoba, Ontario, Alberta, Nova Scotia, and Saskatchewan in Canada, and in the United States as of the 2024 fiscal year. Activate plans to expand its corporate stores to additional provinces and states in the 2025 fiscal year, along with partner stores worldwide.



Supply Chain and Operations

In the Fiscal year end 2024, Activate purchased products from 680 manufacturers.

Purchases % Of Total



Our partners are required to purchase Activate components to outfit their game rooms from Activate, as well as commercially available products from our minimum equipment list, which are largely sourced from mainstream North American suppliers. AGI supports customers, serves as the sales and marketing company, as well as manages the partners alongside AGG.

Activate components are manufactured in-house in Canada and while we have not finished our supply chain assessment, we can say that our manufacturing adheres to high standards, policies, and practices and that there is no forced or child labour in our manufacturing facility. We cannot attest to the production of goods outside of our facilities that we import into Canada. We do not currently require suppliers to provide information on their operations. Activate also has limited visibility into the business activities of entities that supply its suppliers. We acknowledge the risk of forced labour and child labour that may exist when importing goods from other countries.

Activate also has an additional supply chain of external suppliers. It procures various services and goods (other than those incorporated into goods AGM manufactures or produces) to support its operations.

Our specific supply chain profile remains largely the same year-on-year. The types of goods (other than those incorporated into goods AGM manufactures or produces) from our suppliers include:

- Office equipment and supplies, consumables, marketing materials, rewards, and apparel
- Technology and IT
- Transport and accommodation
- Facilities management
- Janitorial services
- Cleaning, sanitation, and personal property equipment and products
- Parts and equipment
- Operational equipment

We also provide a general description of the key forced labour and child labour risks likely to exist in each of these categories, based on industry risk profiles and the provision of goods or services in the table below.

ACTIVATE[®]

Type of goods / service	Description	Generally known forced labour and child labour risks
Office equipment and supplies / consumables / marketing	Cleaning products, office furniture, printing, stationery, merchandise suppliers	<p>Corporate Merchandise - Mass-produced items and garments, particularly if produced in countries with a greater prevalence of, and vulnerability to and have a higher risk of child labour and forced labour.</p> <p>Furniture - There are increased forced labour and child labour risks associated with producing and sourcing raw materials such as timber, bricks, PVC in flooring, fabrics, metals and glass as well as risks in the manufacturing industry located in countries with a greater prevalence of, and vulnerability to, forced labour and child labour.</p>
Technology & IT	Electronics, tablets, laptops, desktops, mobile phones	Forced labour and the worst forms of child labour are present in the supply chains that provide IT companies with the necessary raw materials to produce electronic goods, and parts of those goods. The manufacture of electronics has been associated with labour exploitation, including child labour and forced labour.
Transport and accommodation	Airlines, hotels and lodging	The hospitality and food services industry, irrespective of jurisdiction, has elevated risks driven by parallel factors described below in relation to the cleaning sector.
Facilities management	Cleaning and janitorial services	<p>The cleaning industry is considered a higher risk industry for forced labour and debt bondage due to factors such as employers withholding wages, excessive working hours, complex and opaque subcontracting arrangements, and workers on temporary visas with limited bargaining power and awareness of their rights at work.</p> <p>Similar to the cleaning sector, the prevalence of subcontracting in the facilities maintenance industry can lead to contractual liabilities and obligations diminishing to the point where the human rights of workers on site may go unnoticed due to a lack of transparency.</p>
Parts and Equipment	Forklifts, operational equipment and flatteners, compacting machines, trailers and transport vehicles	The manufacturing of heavy equipment, if produced with components sourced from countries with a greater prevalence of, and vulnerability to, forced labour and child labour increases the risks associated with forced labour and child labour being used in the supply chains for these products.



Steps taken during last financial year to prevent and reduce risk that forced labour and child labour used in supply chain

Activate does not engage in forced or child labour practices in its manufacturing facility in Winnipeg. Activate continues to have strong employment policies and practices in place to prohibit such practices in our facility and will continue to do so.

During the 2024 fiscal year, Activate did not implement measures to prevent or reduce the risk of forced labour or child labour in any stage of the production of goods in Canada or internationally beyond the manufacturing of Activate components. This applies to goods imported into Canada by Activate for its use or for use in manufacturing the Activate components.

Policies, Organizational Guidelines, and Due Diligence Processes in relation to Forced Labour and Child Labour

Activate has established comprehensive organizational guidelines and operating practices. These include hours of operation, employee job descriptions, salary ranges, and safety policies and procedures to ensure employee protection. While Activate does not require its partners to adopt specific hiring practices, partners must comply with applicable laws. However, Activate does not conduct audits or enforce compliance with these laws.

Employee Compensation and Benefits

As of the 2024 Fiscal year end, Activate employs more than 345 people worldwide (Canada and the United States) consolidated across all Activate companies. Activate regularly reviews employee salaries, including adjustments based on the Consumer Price Index (CPI) in Canada to account for cost of living increases. Activate has established compensation policies and grids, which are also reviewed regularly. Permanent full-time employees, as well as part-time employees who consistently work 30 hours per week, are eligible for employer-paid benefits. Additionally, Activate provides an Employee Assistance Plan (EAP) that supports the mental, social, physical, and financial health of its employees. These benefits apply to all Activate subsidiaries.

AGI Policies and Compliance

AGI has established internal policies and processes to promote and ensure compliance with applicable laws, including employment and human rights regulations, in Canada where AGI operates. However, these policies do not currently specifically address child labour and forced labour.

These policies include:

- Accessible Employment
- Accessible Customer Service
- Accommodation
- Code of Conduct
- Standard Hours of Work
- Respectful Workplace
- Health and Safety

Activate's policies are tailored to different jurisdictions, with separate versions for Canada and the United States. These policies are drafted as similarly as possible, considering differences in jurisprudence.

Hiring Process

During the resume submission process, candidates are asked if they are legally entitled to work in Canada and if they meet the legal working age as per provincial regulations. This verification is repeated during the prescreen phone interview, where candidates are also asked if they require any additional documents to work in Canada. Candidates with work permits must submit them for review with their new hire packet before their start date. Depending on the role, candidates may also need to obtain a criminal background check, and their birthdate is recorded as part of their onboarding and payroll enrollment. This process is followed in all Activate entities in Canada and the United States.

Overtime and Work Hours

Any overtime hours worked must be voluntarily and mutually agreed upon by the employee and their manager. Work outside of usual hours, such as evenings, overnight, or weekends, is compensated according to applicable report-to-duty rates.



Corporate Integrity and Supplier Code of Conduct

Corporate integrity, responsible product sourcing, environmental performance, and the safety and well-being of workers across the global supply chain are of paramount importance to Activate. Following the end of Fiscal 2024, Activate began developing a local Supplier Code of Conduct ("Supplier Code"). This Code outlines the expectations for our suppliers, including minimum standards for the treatment of workers, workplace safety, environmental impact, and ethical business practices. In its current draft form, the Supplier Code applies to Activate's direct suppliers. The Code has not yet been provided to Suppliers and when it is, it will be shared for informational purposes only, without monitoring for compliance.

Risk Assessment and Management of Risk

As of the end of the 2024 financial year, Activate had not completed its assessment and identification of parts of its business and supply chain that may carry a risk of forced labour or child labour. Activate has commenced an internal assessment to identify and categorize the level of risk with each supplier. This includes reviewing existing supplier codes of conduct and drafting its own. Additionally, Activate typically incorporates contractual language in its franchise/license agreements with partners to require compliance with applicable legislation in their region, including modern slavery legislation.

Forced Labour and Child Labour Remediation Measures

Activate is not currently aware of any forced labour or child labour practices occurring within its supply chain. Accordingly, Activate has not undertaken any measures to remediate any forced labour or child labour to date or any loss of therewith.

Training to Employees on Forced Labour and Child Labour

Activate currently does not provide formal training to its employees on forced labour and child labour. Activate has vetted new training on the subject matter which it expects to roll out in the 2025 fiscal year to specified employees employed by Activate in Canada.

Assessing Our Effectiveness

Activate currently does not have any mechanism or process in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains. In the 2025 fiscal year, we expect to complete our assessment and implement our Supplier Code.



Approval and Attestation



This Report was approved by the Board of Directors of Activate Games Inc. on 05/22/2025. 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 Activate Games Inc. 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.

Signature : 

Date : 05/22/2025

Adam Schmidt

Co-founder and Chief Executive Officer of Activate Games Inc.