

May 30th, 2024

**Aluula Composites Inc.**

**Fighting Against Forced Labour in Canadian Supply Chains Act (the “Act”)**

Aluula Composites Inc. (“Aluula”) is an entity listed on the TSX Venture Exchange under the symbol AUUA.

Aluula’s wholly owned subsidiary, Aluula Composites Canada Inc. (the “Company”) is a manufacturer of high performance, ultra light and ultra strong, polymer textiles, located in Victoria, BC, Canada. The Company operates in one primary location, which houses manufacturing, research and development, and all other business functions. The Company currently has 18 employees.

The Company procures raw materials in Canada but also imports materials for production from other countries including, but not limited, to the United States of America, China, and Netherlands. The Company exports finished goods, for further manufacturing into final retail items, to many countries including, but not limited to, Sri Lanka, the United States of America, France, Spain, and Hong Kong.

During its fiscal year starting November 1<sup>st</sup>, 2022 and ending October 31<sup>st</sup>, 2023, the Company did not have any formal policies or processes aimed at identifying forced labour or child labour in its supply chain.

Actions the Company plans to take to ensure compliance with the Act for its fiscal year starting November 1<sup>st</sup>, 2023 and ending October 31<sup>st</sup>, 2024 are:

- Request suppliers complete a Supplier Questionnaire that includes:
  - Questions specific to whether or not the supplier employs any persons that may fall under forced and/or child labour, as defined by the Act.
  - Actions taken by the supplier to ensure that risks of forced and/or child labour are mitigated in their supply chains.

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- Complete a comprehensive Supply Chain Map and Risk Assessment:
    - This document will list the Company's suppliers and their respective locations, highlighting the risk of forced and/or child labour in that region.
  - Training for the Company's employees:
    - A mandatory training program will be created and rolled out that contains information about the Act and the Company's responsibilities under the Act. All current and new employees will be required to complete the training.
  - Supplier Audits:
    - The Company will research the viability of conducting in-person audits of its suppliers' manufacturing facilities. These audits may be performed by the Company's employees or third-party contractors, or a combination of both.
  - The Company will create a written policy outlining:
    - Mandatory training aimed at helping employees identify when the Company is at risk of non-compliance with the Act.
    - A requirement for all potential new suppliers to complete the Supplier Questionnaire as outlined above.
    - Actions the Company will take in the event a situation arises that indicates non-compliance with the Act.

Report created by: Mike Olson, Director of Production, Aluula Composites Canada Inc.

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"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."

Briony Bayer

Director

Date: May 30th, 2024



"I have the authority to bind the Company"