



Forced Labour and Child Labour Report-2023

1. Introduction

Ceapro Inc.'s ("Ceapro" or the "Company") understanding of forced labour and child labour is based on the definitions given in Bill S-211, An Act to enact the Fighting Against Forced Labor and Child Labor in Supply Chains Act and to amend the Customs Tariff (the "Act"). We recognize that the risks of forced labour and child labour, modern slavery, or human trafficking exist and acknowledge that understanding and managing these risks requires a mutual beneficial relationship with suppliers who act responsibly, comply with international labour and human rights standards, respect the environment, and promote sustainable development.

Ceapro has prepared this Entity Report to the Minister of Public Safety and Emergency Preparedness in accordance with the Act for the financial year ended December 31, 2023. This Report outlines Ceapro's processes, existing measures, and progress made in the 2023 fiscal year to prevent and mitigate the risks of modern slavery in our supply chains. This is not a joint report as no subsidiaries have been assessed as reportable entities.

Steps taken during the financial reporting year ending December 31, 2023, included:

- Completed an internal mapping of the Company's activities and supply chain; and
- Conducted an internal assessment of risks of forced labour and/or child labour in the Company's operations and supply chain.

2. Our Business

Ceapro is a growth-stage biotechnology company focused on the development, manufacture, and commercialization of active ingredients derived from oats and other renewable plant resources for healthcare and cosmetic industries. The Company has a broad range of expertise in natural product chemistry, microbiology, biochemistry, immunology, and process engineering. These skills merge in the fields of active ingredients, biopharmaceuticals, and drug-delivery solutions.

Ceapro's common shares are publicly traded on the TSX Venture Exchange under the trading symbol CZO and on the OTCQX Best Market under the trading symbol CRPOF. Ceapro is not subject to reporting requirements under supply chain legislation in any other jurisdiction.

2.1. Our Commitment

Ceapro is a manufacturer and seller of raw materials derived from oats as a critical active ingredient to supply chains across the world. Our core value to be “valuable to others” drives us to conduct our business with dignity and respect for every person we impact, and in accordance with applicable law. This includes protecting the rights of the individuals who work in our business and who work for the suppliers that provide us with products and services. A key component of our commitment is zero tolerance towards child labour and forced labour. We also commit to encouraging our suppliers and business partners to adopt a similar approach and endeavour to confirm they operate in a manner that demonstrates respect for people and uphold their rights.

2.2. Company Structure/ Governance

As of December 31, 2023, Ceapro had 29 employees, all of whom were employed on a permanent basis, 28 of which were based at Ceapro’s head office and manufacturing facility in Edmonton, Alberta, Canada and 1 based in Germany.

The Board of Directors of Ceapro has established clear oversight of the Company’s corporate responsibility programs, approach to ESG practices, and approach to risk management, which includes risks to human rights. Management, the Environment, Health and Safety Committee (EHS), procurement, and human resources work together to identify, assess and manage modern slavery risks in our supply chain and in our workforce.

3. Our Supply Chains

A key role of the procurement and quality teams at Ceapro Inc. is to ensure that suppliers of materials and services meet our qualification standards that include performance and non-conformance, history, cost, production capacity and logistics.

The majority of Ceapro Inc.’s annual procurement is raw materials that are used in our manufacturing processes such as oat grains, solvents, chemicals, preservatives and technical products and services such as packaging materials, laboratory equipment and supplies. Most of those purchases are from large well-known suppliers and distributors located in North America and Europe who also have reporting obligations about child labour and forced Labour.

4. Our Policies and Due Diligence Processes

We consider there to be a limited risk of forced and child labour occurring in Ceapro’s operations. Geographically our operations are conducted in Canada and our employees have specific skill sets. Canada, according to the Global Slavery Index, has a low prevalence of forced and child labour, a low risk of vulnerability to forced and child labour, and comparatively robust governmental oversight of any modern slavery. Moreover, Ceapro is governed by the federal and Alberta provincial labour

and employment standards, in addition to our own policies and procedures of recruitment and labour sourcing, working conditions and the ethical treatment of our employees.

- All work is performed on a voluntary basis. No forced labor is allowed, nor is any form of coercion, deception, human trafficking or slavery. Neither restriction of movement nor retention of identity documents is permitted.
- Child labor in any form is not tolerated and all workers must meet the requirement of the minimum working age specified in Alberta local laws.

Ceapro's employees are guided by a Code of Ethics which is contained in an employee manual. All employees are required to read and sign off compliance with the employee manual when commencing employment with the Company. Changes to the employee manual require additional sign-off when implemented. The Code of ethics within the employee manual establishes the Company's expectations for conducting business and explains the fundamental values and standards of behaviours that are expected to be followed. The employee manual also provides a framework for asking questions and providing a resource to highlight how to register complaints in a safe and protected manner within the organization. It is the Company's intention to enhance the human rights section of the code to strengthen our support for the elimination of forced and child labour more specifically during the financial reporting year ending December 31, 2024.

5. Our Risk Exposure

We are specifically committed to taking steps to try and ensure that there is no modern slavery or human trafficking in our supply chain including our suppliers of goods and services, contractors, distributors, and agents.

The Company's highest risk exposure to forced labour and child labour is through our suppliers. Based on the review of our supply chain, the purchase of oat grains directly from farmers in North America and through oat grains distributors in Europe has been identified as presenting some risk exposure of child labour. We recognize the potential risks of child labour in agriculture and farming, growing grains such as rye, oats, wheat, millet, and barley and harvesting these crops. We have also identified some risk exposure of forced labour and child labour from the purchase of Palm oil derivatives from south-east Asian countries where protections for workers may not match those we practise in North America and Europe.

As of the date of this report the Company has not identified any instances of forced or child labour within its own workforce or its supply chain.

6. Remediation

In the event that the Company is informed of or discovers the presence of forced and child labour in its operations or its supply chains, the Company will investigate and take appropriate remedial measures in accordance with applicable laws. We

did not identify any instances of forced labour or child labour in our operations or supply chains during the reporting period and, therefore, no remedial measures were taken, including those related to remediating the loss of income.

7. Training and Awareness

Certain members of Ceapro's management received awareness training by a reputable law firm. The content of the training included an understanding of the objectives of the Act; awareness of modern slavery issues and causes, the new modern slavery legislation, strategies to identify and mitigate risks of modern slavery in Ceapro's business and supply chain, steps to prevent and reduce risks, and an understanding of a comprehensive Governance framework. It is the Company's intention to investigate providing training to employees in the financial year ending December 31, 2024.

8. Assessing our Effectiveness

The Company currently does not have specific policies or procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its supply chain. The Company is committed to continue to develop a program within its organization and supply chain to prevent and mitigate the risks of modern slavery. As development of this program continues in future financial years, measures will be developed to assess the effectiveness of these processes.

9. Approval and Attestation

This Report was approved by the Board of Directors of Ceapro Inc. 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 Company. 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 ended December 31, 2023.

I make the above attestation in my capacity as a director of the Board of Directors of Ceapro Inc. for and on behalf of the Board of Directors of Ceapro Inc.

I have the authority to bind Ceapro Inc.

/s/ Ronald W. Miller

/s/ Geneviève Foster

Ronald W. Miller, Chair of the Board

Geneviève Foster, Chair of the Audit Committee

May 31, 2024

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