



**REPORT ON MODERN SLAVERY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023**

May 16, 2024

**3365 Mainway
Burlington, Ontario
L7M 1A6**

1. Introduction

This Modern Slavery Report (the “**Report**”) constitutes the first report prepared by EcoSynthetix Inc. (the “**Company**”) and its subsidiaries (collectively with the Company, “**EcoSynthetix**”) pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). The Report outlines the steps EcoSynthetix has taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of EcoSynthetix’s goods in Canada or elsewhere, and the importation into Canada of goods by EcoSynthetix, during the financial year ending December 31, 2023 (the “**Reporting Period**”).

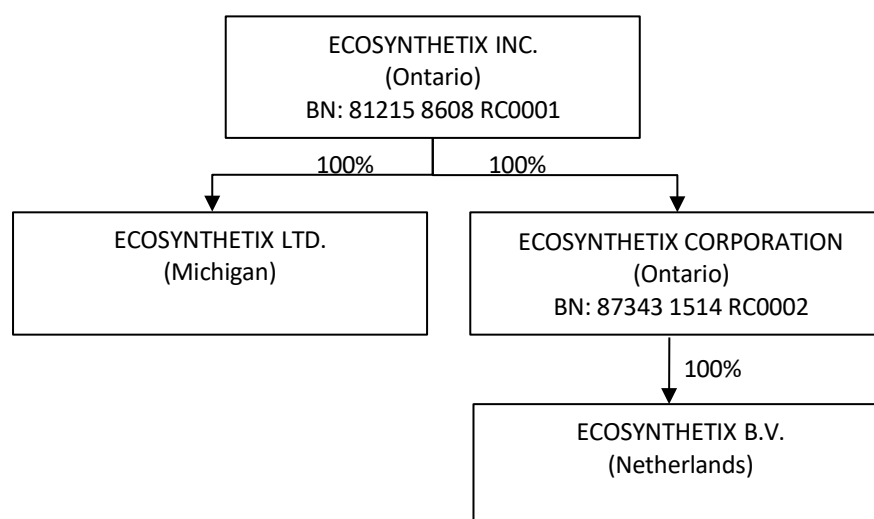
EcoSynthetix does not tolerate forced labour, child labour or any other form of modern slavery within its operations and supply chain. During the Reporting Period, EcoSynthetix gained a better understanding of the risks associated with modern slavery, took steps to prevent and reduce those risks and will continue to monitor its operations and supply chain to ensure that it acts with the highest standards of integrity and ethics while conducting business. EcoSynthetix is committed to supporting and respecting the protection of human rights and stands against all forms of modern slavery.

2. Structure, operations and supply chains

Structure

The Company was incorporated under the *Business Corporations Act* (Ontario) on May 20, 2011. The Company’s registered head office is located at 3365 Mainway, Burlington, Ontario L7M 1A6. The Company’s common shares (the “**Common Shares**”) trade on the Toronto Stock Exchange (under the symbol “**ECO**” and commenced trading on August 4, 2011.

The following chart illustrates the Company’s principal subsidiaries (collectively, the “**Subsidiaries**”), together with the governing law of each Subsidiary and the percentage of voting securities beneficially owned or over which control or direction is exercised by the Company as the date of this Report.



Operations

EcoSynthetix is a renewable chemicals company specializing in bio-based materials that are used as inputs in a wide range of products. EcoSynthetix offers a range of sustainable biopolymers that allow customers to reduce their use of harmful materials, such as formaldehyde and styrene-based chemicals, and enable carbon footprint reductions. EcoSynthetix’s flagship products, DURABIND, ECOSPHERE BIOLATEX, SURFLOCK, and BIOFORM biopolymers, are used to manufacture wood composites, paper, paperboard, tissue, and personal care products, and enable performance improvements, economic benefits, and sustainability.

EcoSynthetix has 25 employees, primarily located at its corporate headquarters in Burlington, Ontario, Canada. This facility was established in 2011 and provides a state-of-the-art research and development facility for ongoing product and process development, and a production line.

In North America, EcoSynthetix manufactures its products on a EcoSynthetix owned manufacturing line operated by a third-party manufacturing partner, at their facility located in Tennessee, USA.

In Europe, EcoSynthetix manufactures its products on a dedicated EcoSynthetix owned manufacturing line operated by a third-party manufacturing partner, at their facility located in The Netherlands.

Supply Chains

The primary ingredients and inputs used by EcoSynthetix to produce its products are:

- (i) starch, primarily corn starch;
- (ii) process chemicals; and
- (iii) toll manufacturing services.

Corn starch is harvested on an industrial scale globally and traded openly by large agricultural companies. The majority of corn starch used by EcoSynthetix is purchased from suppliers and sources in the United States of America (“USA”) and Europe.

Process chemicals are also used to manufacture our products, to enhance the product properties or improve the manufacturing process. These process chemicals are mass-produced at large industrial plants by major chemical suppliers. The majority of process chemicals used by EcoSynthetix are purchased from suppliers and sources in the USA and Europe.

EcoSynthetix produces its products in Europe, USA, and Canada. Production in Europe and the USA is through third-party manufacturing partners and production in Canada is done internally. EcoSynthetix procures the ingredients and inputs used at all its production locations.

3. Risk of forced labour or child labour in supply chains

EcoSynthetix has developed a risk-based approach to identify potential areas where forced labour and child labour might arise in its operations and supply chain. The approach considers the nature of the processes, products and services procured, suppliers’ commitments to eliminate forced labour and child labour, EcoSynthetix’s relationship with its manufacturing partners and the geographical location of its suppliers. Using this approach, EcoSynthetix concluded that the risk of forced labour and child labour in its supply chain is low.

Nature of processes, products and services procured

The production of corn starch is a capital-intensive harvesting and milling process, and it is unlikely that forced labour or child labour would be involved in this process given the industrial scale and equipment involved. The process is unlike other rural farming operations that have been linked to forced labour or child labour such as tobacco, palm and other oils, and cocoa beans. The process chemicals that EcoSynthetix uses in its manufacturing process are also developed on an industrial scale and under a capital-intensive process where it is unlikely that forced labour or child labour would be involved. Lastly, EcoSynthetix uses a reactive extrusion process to manufacture its products. This is a highly specific process involving skilled labour, technical expertise, and specialized equipment where it is unlikely that forced labour or child labour would be involved.

Supplier commitments

The majority of EcoSynthetix’s significant suppliers (by dollars spent) are large, established companies that have made public commitments and statements that their labour practices are free of forced labour and child labour and have a zero-tolerance stance against such practices.

Relationship with third-party manufacturing partners

EcoSynthetix has a long relationship with its third-party manufacturing partners. The Company visits them on a regular basis, or at least annually, and has regular interactions to discuss training, new product scale up and development, as well as perform customer requested facility audits. EcoSynthetix has never noted any forced labour or child labour as part of their labour force.

Geographical location

The majority of EcoSynthetix's suppliers are located in the USA and Europe where forced labour and child labour are not as prevalent as other countries as noted by the Alliance 8.7 Global Estimates of Modern Slavery and estimates on child labour published by Unicef in 2020.

4. Steps taken to prevent and reduce the risk of forced labour and child labour

During the Reporting Period, EcoSynthetix took the following steps aimed at preventing and reducing the risk that forced labour or child labour is used at any step of the production of goods by EcoSynthetix in Canada or elsewhere, or the importation of goods by EcoSynthetix into Canada:

- **Review of major suppliers.** In order to better understand the risks that each of its suppliers may cause to its supply chains with respect to forced labour and child labour, EcoSynthetix conducted a review of each of its major suppliers to determine the laws related to forced labour or child labour that apply to it, and to assess each such supplier's public statements regarding forced labour or child labour. This review also included examining the supplier's geographical location to determine whether the supplier operated in a region known to have a higher risk of forced labour or child labour as per the Alliance 8.7 Global Estimates of Modern Slavery and estimates on child labour published by Unicef in 2020.
- **Supplier review.** Controls over externally provided processes, products and services were developed to approve new suppliers and to monitor and manage existing suppliers. The controls include an assessment of new suppliers to ensure that they will meet EcoSynthetix's business standards which includes background checks. Once the assessment is satisfied, the supplier will enter an Approved Supplier List and only approved suppliers are considered when procuring processes, products, or services. The suppliers on the Approved Supplier List are reassessed at least annually. On an ad hoc basis, if EcoSynthetix feels that there is a higher risk of forced labour or child labour at a supplier an additional certification will be requested from the supplier confirming that there is no forced labour or child labour involved in any product or service provided to EcoSynthetix.
- **Monitored its suppliers and its Supplier Code of Conduct.** EcoSynthetix personnel are in constant communication with key suppliers, including monitoring compliance with its Supplier Code of Conduct (as described below).
- **Continued commitment to upholding and respecting the law:** EcoSynthetix continues to uphold, enforce, and promote its Code of Business Conduct and Ethics (the "**Code of Conduct**") and its Whistleblower Policy. The EcoSynthetix Code of Conduct requires that employees comply with all applicable laws and regulations. The Whistleblower Policy protects employees that report any concerns relating to EcoSynthetix or its business (including any human rights concerns).

5. Assessing and Addressing Modern Slavery Risks: Policies and due diligence

Policies

EcoSynthetix maintains a supplier code of conduct (the "**EcoSynthetix Supplier Code of Conduct**"), which explains how EcoSynthetix expects EcoSynthetix and its suppliers to work together with integrity to create a long-lasting relationship that creates shared value. The Supplier Code of Conduct outlines seven Guiding Principles that EcoSynthetix follows when dealing with suppliers, one of which is "Treat people with dignity and respect". This principle notes the expectation that our suppliers never use or tolerate the use of human trafficking, forced labour, or child labour as defined by the International Labour Organization (ILO). The Supplier Code of Conduct applies to all suppliers

but is not a contractual provision in supply agreements.

In addition, the EcoSynthetix Code of Conduct requires that employees comply with all applicable laws and regulations. EcoSynthetix also has an Environmental, Social and Governance Policy, which reiterates EcoSynthetix's commitment to upholding the highest employment and labour standards, including with respect to human rights. EcoSynthetix's Whistleblower Policy encourages employees to report any concerns relating to EcoSynthetix or its assets (including any human rights concerns) directly to the Audit Committee of the Board of Directors of the Company.

Due Diligence Processes

As described under "*Steps taken to prevent and reduce the risk of forced labour and child labour*" above, EcoSynthetix conducts supplier reviews to approve new suppliers and monitor and manage existing suppliers, which reviews assess risks of forced labour or child labour and determines if suppliers need provided additional certifications in this respect.

EcoSynthetix has a long relationship with its third-party manufacturing partners and visits them on a regular basis or at least annually and did not note any forced labour or child labour being used. EcoSynthetix also performed an internal supplier assessment process for new suppliers and performed an annual review of existing suppliers as noted above.

6. Remediation

Measures taken to remediate any forced labour or child labour

EcoSynthetix did not identify any instances of forced labour or child labour or have any complaints related to forced labour or child labour, and so no remediation measures were required.

Remediation of the loss of income

As EcoSynthetix did not identify any instances of forced labour or child labour or have any complaints related to forced labour or child labour, no remediation of the loss of income was required.

7. Training

EcoSynthetix does not have any formal training related to forced labour and child labour. However, all employees are required to acknowledge and abide by the EcoSynthetix Code of Conduct while fulfilling their duties and responsibilities. EcoSynthetix is committed to improving training provided to current and future employees and will consider adding the topic of modern slavery as part of its future training program.

8. Assessment of Effectiveness

EcoSynthetix regularly assesses the effectiveness of its own internal policies and procedures as part of continuous improvement initiatives and as required for its ISO 9001 certification. This includes the "Policies" and "Due Diligence Processes" as noted above. EcoSynthetix will continue to assess the effectiveness of these internal policies and procedures and ensure that the risk and assessment of the use of forced labour and child labour are being considered as part of its continuous improvement efforts.

9. Approval and Attestation

This Report was approved by the Board of Directors of EcoSynthetix Inc. pursuant to subparagraph 11(4)(b)(ii) 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 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.

I have the authority to bind EcoSynthetix Inc.

Jeff MacDonald



Chief Executive Officer and Board Member

Date: May 16, 2024