

To the Minister of Public Safety

Report to comply with requirements set forth in Bill S-211

The following report is presented by Mara Renewables Corporation (“Mara”) and its subsidiaries Algorithm Ingredients and Humanativ (collectively, “the Group”, “the Entities”, “we”, “us”, “our”) in compliance with Section 11 of the Fighting Against Force Labour and Child Labour in Supply Chains Act (“the Act”) for the year ending December 31, 2023. Mara is strongly committed to ensuring a responsible and sustainable supply chain. This report outlines the initiatives that Mara and its subsidiaries undertook during the last financial year, as well as initiatives that are currently in motion and plans to put in place to mitigate risks of child labour and forced labour throughout its operations and supply chain.

For the purposes of the Act, Mara meets the definition of “entity” by having a business in Canada, doing business in Canada, and meeting the criteria for revenue and assets on a consolidated basis, and the definition of “reporting entity” by distributing and selling products outside of Canada.

Mara and its subsidiaries are committed to respecting human rights as outlined in applicable laws and international standards, including the UN’s Declaration of Human Rights, the UN Rights of Indigenous Peoples, and UN Guiding Principles on Business and Human Rights.

Subsection 11(1) - Steps taken to prevent and reduce risks of forced labour and child labour during the previous financial year

The Group did not take any specific steps during the previous financial year to reduce risks of forced labour and child labour in our operations and supply chain. The Group’s activity on this topic has been increasing during the last several months, however, and we have plans to take steps this year, as described in the supplementary information provided below.

Subsection 11(3) - Supplementary information

a) Structure, activities, and supply chains

Mara, a corporation based in Halifax, is a global leader in the development, production, distribution, and sale of algae-based bio-products for human nutrition and related industries. Mara and its subsidiaries are strategically focused on becoming providers of advanced, sustainable bio-products derived from algae, contributing to a greener and healthier future.

Mara itself engages in research and development, marketing, and commercial sales activities. It also owns or has a controlling stake in the following two subsidiaries, whose primary activity is the sale and distribution of algal oil-based products to end customers:

- Algorithm Ingredients (“Algorithm”), based in Saskatoon, Canada (100% ownership)
- Humanativ, based in Ireland (50% ownership, increasing to 100% during 2024)

In addition, Mara has a minority stake in Algal-Omega 3 Ltd. (“AO3”), a UK-based company that manufactures crude algal oil exclusively for Mara and its subsidiaries under contract and is the

Group's main supplier. This crude oil is either sold directly to end customers or sent to contract refiners in Europe prior to being sold to end customers by Mara, Algorithm, or Humanativ, depending on the product and customer. Virtually all crude and refined oils are manufactured, refined, distributed, and sold outside of Canada, meaning that products are not imported into Canada at any point during the value chain.

Collectively, Mara, Algorithm, and Humanativ employ approximately 72 people across its head office in Halifax and local offices in Saskatoon and Ireland.

b) Policies and due diligence processes

Internal

Mara and its subsidiaries have a code of conduct in place which all employees must adhere to. The employee code of conduct references our zero-tolerance to forced labour and child labour. The Group also uses third-party providers to conduct background checks on potential new employees. These checks assess the employee's eligibility for employment within the applicable jurisdictions and laws for Mara, Algorithm, and Humanativ. All three entities adhere to a strict policy of not employing anyone under the age of 18.

Supply Chain

At Mara, we are committed to fighting against forced labour and child labour in our global supply chain. Central to our diligence is our main supplier AO3, which given its location in the UK has more advanced policies and practices regarding modern slavery. AO3 has a Modern Slavery (Anti-Slavery and Human Trafficking) Policy, of which all employees are aware and must adhere to, and conducts periodic reviews of its HR policies to ensure ongoing compliance with applicable workplace and labour laws and regulations, including the United Kingdom's Modern Slavery Act of 2015.

AO3 also has in place a foundational policy mandating all its key suppliers to endorse a comprehensive Supplier Code of Conduct that outlines ethical expectations and adherence to international labour standards. It also conducts a systematic assessment of supplier risks through an external software platform, requires suppliers to develop and implement policies and procedures that identify and prohibit the use of forced labour and child labour in their operations and supply chains, and monitors suppliers to ensure standards for ethical practices are upheld.

While Mara and its subsidiaries do not yet have similar policies and practices in place for our suppliers, we plan to follow AO3's example and raise our level of diligence, taking inspiration from the comprehensive framework provided by the OECD Due Diligence Guidance for Responsible Business Conduct. Beyond AO3, our contract refiners are our next most important group of suppliers. Since most of them are based in Europe, we anticipate that they are already subject to more stringent ESG regulatory frameworks, so we plan to engage with them to understand the types of policies and practices that they have in place or are planning to put in place and how these should influence our own.

c) Parts of business that carry a greater risk of forced labour and child labour and steps taken to manage risk

As part of the process to prepare this report, both Mara and its main supplier AO3 conducted an initial risk assessment on their purchases, which are mainly raw materials used for the manufacture of algal oils, using the Walk Free Global Slavery Index and the US Department of Labour's (USDL) List of Goods Produced by Child Labour or Forced Labour based on supplier location and types of goods imported. While Mara purchases all crude algal oil from AO3 for sale to end customers, it does procure very small amounts of many of the same raw materials that AO3 uses to manufacture crude oil for use in its research and development activities at its head office in Canada.

A high-level preliminary risk assessment based on supplier location was also conducted for the Group's contract refinement vendors, using the Walk Free Global Slavery Index.

Risk Assessment Findings

The risk assessment for Mara revealed that goods imported from two countries, China and India, present an elevated risk of forced or child labor, according to the Walk Free Global Slavery Index. However, after comparing the types of goods imported with the USDL List of Goods Produced by Child Labour or Forced Labour, it was determined that Mara does not procure any goods that are particularly associated with forced or child labour practices.

Similarly, while AO3 also identified goods imported from China as having an elevated risk of forced and child labour according to the Walk Free Slavery Index, none of the goods imported were identified as posing a high risk based on the USDL List of Goods Produced by Child Labour or Forced Labour. Additionally, AO3's imports from China represent less than 1% of its annual supplier expenditure.

Regarding the Group's contract refining vendors, the preliminary assessment based on facility location did not reveal any high risks of forced or child labour.

Overall, therefore, the findings from our initial risk assessment indicate that the exposure to forced and child labour risks within the Group's supply chain, as well as our main supplier AO3's own supply chain, are relatively low. This in no way diminishes our commitment to diligently consider risks and align our risk management procedures and policies accordingly. We acknowledge that no industry is immune to the risks of forced and child labour, and we will remain vigilant as we expand our activities and supply chain partners.

In response to the results of our risk assessment, we plan to collaborate with our main supplier AO3 to evaluate any potential changes, if needed, to our due diligence approach with suppliers in China and India to ensure that they have appropriate policies and practices in place to ensure that no child or forced labour is used in their operations.

d) Remediation measures

To date, our assessments have not identified any instances of forced or child labour within our Group's operations or supply chains. Given the relatively low risk of having forced labour and child labour in our activities and supply chains, we do not foresee at this time the need to have a specific policy for remediation in place. However, we are committed to engaging with any supplier that may be impacted in the future by an instance of forced or child labour, in which

case we would discuss potential remediation measures in alignment with relevant OECD guidelines and UN Guiding Principles on Business and Human Rights.

e) Remediation of loss of income

As mentioned in the previous section, neither Mara nor any of its subsidiaries has identified any instances of child or forced labour in its operations or supply chains, so no measures have been required to remediate the loss of income to vulnerable families. We do, however, recognize the importance of being prepared to take immediate and effective action should any issues arise in the future. If any instance of child or forced labour were to be identified in our supply chain, we would seek to engage with the impacted supplier to discuss and determine the appropriate remediation measures, including loss of income remedies.

f) Training

While Mara and its subsidiaries do not currently have any specific training in place related to child labour and forced labour, we are committed to raising awareness and are considering the introduction of targeted training to staff in our operations and procurement teams. We will seek to collaborate with our main supplier AO3, which has started to offer training on demand to its procurement staff following the coming into force of the Modern Slavery Act in the UK.

Our longer-term aim is to foster a team of supply chain professionals that are collectively vigilant and proactive against forced and child labour across the Group. Beyond the introduction of targeted training for the operations and procurement teams, we also plan to introduce relevant content regarding modern slavery in our onboarding procedures to raise awareness among new employees.

g) Assessing effectiveness

The Group does not currently have a specific governance process in place to assess its effectiveness in minimizing the risk of forced labour and child labour in our activities and supply chains. However, we are committed to raising our level of governance during our current financial year along with the introduction of other new measures or practices, such as a new supplier code of conduct for the Group, as referenced above. We expect to do this in close collaboration with our main supplier AO3, given their central role in our supply chain, to learn from their experience and ensure alignment. A key focus for us in the Group and AO3 will be the shared suppliers in higher risk jurisdictions that we have identified through our risk assessment.

Beyond AO3, the Group's new governance process will focus on our relationships with our contract refiners, who also play an important downstream role in our supply chain. While we expect them to be in a good position in terms of their policies and practices related to forced labour and child labour given the jurisdictions in which they operate, we acknowledge our need to have better visibility of their policies and practices.

Attestation

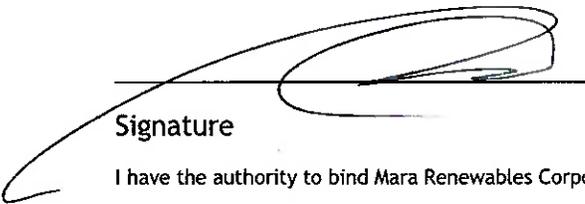
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above, and that it has been approved by the governing body of the entity. Based on my knowledge, and having exercised reasonable 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.

Stephen Slauenwhite

Full name

Chief Financial Officer

Title



Signature

Signature

May 29, 2024

Date

I have the authority to bind Mara Renewables Corporation.