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May 31, 2025

## **Fighting Against Forced Labour and Child Labour in Supply Chains Act Annual Joint Report (2004)**

### **1. Introduction**

The *Fighting against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c.9* (the “Act”) requires that businesses state actions they have taken during each fiscal year to prevent and reduce the risk of forced labour and child labour within their operations and supply chain. This report is submitted jointly on behalf of Merex Incorporated, Eastern Sea Products Limited and Ocean Spectrum Limited (collectively, the “Merex Group”) which have an obligation to publish a report under the Act. This report is for the period January 1, 2024 – December 31, 2024 and it describes the steps taken by the Merex Group for the purposes of managing its operations and supply chain.

### **2. Structure, Activities and Supply Chain**

#### **a. Structure & Location**

The Merex Group consists of the following entities for the purposes of the Act: Merex Inc., Eastern Sea Products Ltd., and Ocean Spectrum Ltd. Merex is a wholly owned subsidiary of Eastern Sea Products Ltd., which in turn is majority owned by Ocean Spectrum Ltd.

The head office for the Group is located at Halifax, Nova Scotia. It has been actively engaged in business for more than thirty years.

#### **b. Activities**

The Merex Group is engaged in the processing, export, import and distribution of food products, primarily seafood. The Group owns and operates a modern fish processing and drying plant located at Scoudouc, NB. The processing plant is approved by the Canadian Food Inspection Agency and it is third party certified to Global Food Safety (GFSI) Standards. The Group supplies salted, dried and frozen seafood products to its customers.

### **c. Supply Chain**

The Merex Group's supply chains encompass the sourcing of raw materials for further processing at its plant and the purchasing of other finished products for distribution to its customers. Foreign suppliers are based in the United States, South America, Europe, Africa and Asia. The Merex Group is committed to ethical sourcing and complying with the laws and regulations of all jurisdictions in which it operates.

## **3. Policies, Proceses and Due Diligence**

### **a. Social Welfare Policy**

The Merex Group has a written Social Welfare Policy adopted in 2023, which includes the following elements:

- i. Code of Business Ethics
- ii. Employee Recruitment Policies
- iii. Employment Policies
- iv. Safety & Training

These policies have been adopted to ensure that employees are treated fairly and with respect; to ensure that the workplace is free of physical, verbal or sexual abuse, and to ensure employee safety while at work. Among other things, Employment Policies specifically preclude the use of underage employees and forced labour. In an effort to better control recruitment and to improve transparency in the hiring process, policies prioritize the direct recruitment of employees rather than relying on third party intermediaries.

### **b. Social Compliance Audits**

In 2023, the Company's processing plant underwent a social welfare audit by an established firm which is a global specialist in environmental, social and governance (ESG). This was performed by a certified Social Compliance Auditor. The audit found that the Group's hiring practices were compliant with all relevant legislation. Among other things, the audit assessed such issues as the use of prison labour, child labour and young workers and there were no concerns raised in any of these areas.

Separate from the social welfare audit, the Merex Group also maintains Marine Stewardship Council certification, which encompasses certain requirements for product traceability and worker protection by the Company and its suppliers.

### **c. Supplier Onboarding Policy**

The Group has implemented a three step approach to supplier onboarding: Identification, Qualification, and Activation.

All prospective foreign vendors are required to complete a questionnaire which is used as a means of assessing their suitability to join the Group as a supplier. Among other things, elements assessed by these surveys include:

- i. Traceability systems
- ii. Third party, Global Food Safety Initiative (GFSI) certification
- iii. Implementation of Good Manufacturing Practices

Once a vendor has been activated, they continue to be re-evaluated annually. In regions deemed by the Company to involve higher levels of risk, third party social welfare audits of vendors are also requested. An example would be the Sedex Members Ethical Trade Audit (“SMETA”). Strong preference is given to vendors able to provide such a report.

During 2024, a formal Supplier Code of Conduct was adopted by the company, which all foreign suppliers must now sign. This more clearly delineates business principles and social welfare policies which our suppliers are expected to uphold.

## **4. Risks of forced labour and child labour**

The Merex Group recognizes that the risk of forced labour and child labour is a global challenge that is present in every industry, including ours. Therefore, it is our obligation to do our best to ensure that human rights are protected and that our employees and those of our supply chain partners are treated with dignity and respect.

We have conducted an internal risk assessment where we estimated the relative level of supply chain risk in our various sourcing regions, including such variables as worker protections, raw material origin, industry, and relative importance to group activities. We used the results from this analysis as a guide to assess the level of due diligence required in each sourcing area, with higher levels of caution being exercised in regions believed to be of higher risk.

## **5. Remediation**

If a supplier partner were believed to be engaging in the use of forced labour, child labour or other human rights abuses, that would be considered grounds for termination of the relationship.

We have no reason to believe that any of our suppliers were engaged in the use of forced labour during 2024.

## 6. Training

No formal training with respect to forced labour and child labour has been conducted to date. We instead relied upon pre-existing knowledge and programs within the Merex Group, an external technical advisor, media reports, and the personal involvement of senior management in our own Social Compliance Audit in the development of knowledge and expertise.

## 7. Assessing Effectiveness

As we strive to be more accountable to our customers and stakeholders, we recognize the need to disclose how we are performing and areas in which we need to improve. We recognize that monitoring progress is important to build trust with customers, vendors, employees and the broader community.

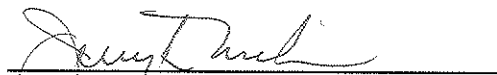
We reassess all foreign vendors annually to ensure that they continue to meet the Group's requirements of a suitable business partner. We also monitor industry media on an ongoing basis to ensure that there are no adverse reports regarding our suppliers. Through such ongoing initiatives, as well as the annual review of our policies and procedures, we attempt to gauge the effectiveness of our processes.

### 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 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.

### MEREX INCORPORATED

I have the authority to bind Merex Incorporated:



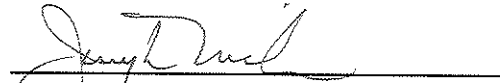
Name: Jeffrey R. Nickerson

Title: President

Date: May 31, 2025

**EASTERN SEA PRODUCTS LIMITED**

I have the authority to bind Eastern Sea Products Limited:



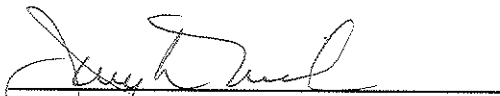
Name: Jerry R. Nickerson

Title: President

Date: May 31, 2025

**OCEAN SPECTRUM LIMITED**

I have the authority to bind Ocean Spectrum Limited:



Name: Jerry R. Nickerson

Title: President

Date: May 31, 2025