



2023 FORCED LABOUR REPORT

REPORT UNDER THE
FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

MAY 28, 2024

SEDNA WIND TECHNOLOGIES INC.
FINANCIAL YEAR ENDED DECEMBER 31, 2023

INTRODUCTION

This Report, prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Act”), pertains to Sedna Wind Technologies Inc. (“Sedna Wind”) and its wholly owned subsidiary, Sabik Offshore GmbH (“Sabik Offshore”), as well as Sabik Offshore’s wholly-owned subsidiaries: Sabik Offshore ApS, Sabik Offshore Ltd., Sabik Offshore Inc., Weissenborn A/S, and Dialight A/S (collectively, the “Company”, “Group”, “we”, “us”, “our”). This Report includes the Company’s own actions and those of our subsidiaries or the entities which we control. The information provided in this report generally applies to all entities we control.

This Report is produced for the financial year ending December 31, 2023 (the “Reporting Period”) and sets out the steps taken to prevent and reduce the risk that forced labour or child labour. This Report constitutes the first report prepared by the Company pursuant to Canada’s new Act, published by the Ministry of Public Safety Canada.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Sedna Wind is in the business of acquiring and investing in companies providing products or services to the offshore wind industry. Sedna Wind owns 100% of Sabik Offshore GmbH, a German limited liability company located in Schwerin, Germany. Sedna Wind provides management services to Sabik Offshore. Sedna Wind does not manufacture, sell, or distribute goods in Canada, or outside of Canada. No goods are being imported into Canada.

Sabik Offshore is in the business of providing complete aids to navigation, identification marking, work lights, aviation lighting solutions, and railings to the offshore wind and marine industry. Sabik Offshore, and its wholly owned subsidiaries, manufacture, sell and distribute goods outside of Canada. The Company does not produce, sell, or distribute any goods in Canada. No goods are imported into Canada.

The registered offices of all entities with the Group are:

Entity name	Registered office
Sedna Wind Technologies Inc.	200 Burrard Street, P.O. 48600, Vancouver, BC, V7X 1T2, Canada
Sabik Offshore GmbH	Wilhelm-Maybach-Strasse 3, 19061 Schwerin, Germany
Sabik Offshore ApS	Ejby Industrivej 91 B, 2600 Glostrup, Denmark
Sabik Offshore Ltd.	1 Chapel St., Warwick, CV34 4HL, United Kingdom
Sabik Offshore Inc.	350 Fifth Avenue, #5220 New York, NY 10118, USA
Weissenborn A/S	Sadelmagervej 20, 7100 Vejle, Denmark
Dialight A/S	Ejby Industrivej 91 B, 2600 Glostrup, Denmark

The business areas of the Group are divided into offshore wind and marine segments. Offshore wind refers to all marking systems that are used to identify an offshore wind turbine and marine refers to the identification of ports or marine facilities that are not related to offshore wind farms. The focus of the Company is on the offshore wind segment, which accounts for most projects and sales.

The Company’s business requires procurement of raw materials, components, goods and services related to its business, including metal sheets, metal profiles, PCB, LED’s and LED-components, electronic parts, housings, cables, office materials, screws and bolts, welding equipment and materials, measurement equipment, calibration services, testing services, trainings, consultancy and more.

For the Reporting Period, the Company and its subsidiaries had 730 suppliers. Our suppliers are in countries with exacting standards of protection for employees and the rights of individuals, and do not pose a high degree of risk of forced labour or child labour practices. We acquire raw materials, goods, and services from reputable, well-known suppliers who also primarily operate in countries with proportional protections for employees and other individuals. Our primary suppliers are located in Germany and Denmark.

To summarize our supply chain, out of 730 suppliers, 100 % of our suppliers operate in the following 9 countries:

Country	% of suppliers
Germany	74.9%
Denmark	19.6%
USA	2.9%
UK	1.7%
Canada	0.3%
Japan	0.3%
Switzerland	0.1%
Netherlands	0.1%
Norway	0.1%

Even though we have no suppliers operating in countries where the risk of forced labour or child labour is high, we have put in place measures to monitor the nature of these activities to ensure the risk of modern slavery is managed, including the following:

- **Mapping activities:**

Production and supporting processes are defined and regularly reviewed according to the requirements of the ISO 9001. Risks in the processes are identified and managed.

- **Mapping supply chains:**

The purchasing processes and the project execution are defined and monitored regarding supply chains. The suppliers are managed and mapped according to those processes by selection, qualification, monitoring, scoring and re- or disqualification.

- **Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains:**

Sabik contracted an external company to evaluate the risks and the level of avoiding forced labour and child labour in the organization's activities. The score was rated with 70 out of 100 points for this aspect.

- **Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily:**

As required by EU/German law, employees are contracted, and the employment is reported to the authorities, tax office and social insurer, stating the social security number and personal data.

The employment of minors is excluded by law. Checks are carried out by official bodies such as customs and the employers' liability insurance association.

- Developing and implementing due diligence policies and processes for identifying, addressing, and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains:

The Code of Conduct is stating as a policy that the organization, their suppliers, or any entity supplying labour to the Supplier, must not participate in, or benefit from, any source of forced, bonded or indentured labor, or human trafficking. Workers shall be allowed to move around freely and leave their place of work when their shift ends. The Company does not tolerate employment which confines the employee in debt bondage, e.g., through fee-charging employment agencies or other practices which could limit employees from freely ending their employment.

- Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains:

Suppliers have to agree to the Company's Code of Conduct as part of the contract and are specifically mentioned in the paragraphs for forced labour and child labour.

- Auditing suppliers:

Based on the assessment of the supplier or the product, the complexity of the sourced components or the project, the suppliers are audited. This is done in high frequency for suppliers with a lower rating (based on their performance and importance) and fewer for high-rated suppliers.

- Monitoring suppliers:

Part of the supplier management process is the monitoring of suppliers in regard to following the Code of Conduct, sanctioning, compliance (e.g. critical minerals) and reputation.

STEPS TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

We consider the respect of human rights to be a fundamental corporate responsibility which governs all our activities. In this report, we detail the processes and policies that are in place to ensure we place importance on respecting human rights while conducting our business activities everywhere we operate. We take proactive measures to identify and address risks of forced labor and child labor in our supply chains.

In general terms, we took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

Most of the following is regulated by EU and National Law and strictly regulated for companies located in Germany, Denmark, and the EU. Additionally, we have implemented and certified management systems according to the Standards ISO 9001, ISO 14001 and ISO 45001 in which the legislative regulations are mentioned and continuously reviewed (certified by an independent certification body).

Periodically an external assessment is done to check the activities and processes in place to ensure that human rights, labour rights and other social aspects are taken into consideration.

Here a list of steps/activities taken to prevent and reduce the risk of forced labour in its business and supply chains

- reviewed and updated our Supplier Code of Conduct in December 2023. The Code of Conduct with chapters for avoidance of forced labour and child labour is to be accepted by partners and suppliers before starting business. Additionally, there is a specific set for Terms and Conditions in implementation with paragraphs and self-commitments for forced labour and child labour.
- We continue to qualify and monitor our suppliers prior and during the contract period.
- We contracted an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains by an external assessment of independent party to review the taken actions to prevent. This evaluation including scoring is repeated every year.
- Mapping activities of the organisation and the suppliers and partners to react on suspects of breaking the terms of the Code of Conduct. This would lead to an immediate suspension of relations and information to the authorities in charge.
- Mapping supply chains to avoid risky countries where it's either a higher risk of forced labour and child labour and/or the monitoring is difficult.
- Developing and implementing anti-forced labour and/or -child labour contractual clauses as part of our terms and conditions
- Auditing and monitoring suppliers based on the risks evaluation and supplier performance on planned periods with a specific focus on ESG and EHS topics as required by our management systems and the requirements of the standards ISO 9001, ISO 14001 and ISO 45001

POLICIES, PROCESSES AND TRAINING

In support of our commitment to protecting human rights globally and to providing a fair and ethical workplace, the Company has put in place a Code of Conduct and policies that address international human rights standards including the risk of forced labour and child labour in our supply chains. The Code of Conduct and policies are reviewed annually by the Company.

The Code of Conduct applies in every country and to all employees, officers, contracted suppliers, partners, directors and consultants, and those of its affiliates, and provides the guidelines to ensure that high standards of respect, integrity, and honesty are applied in the Company's day-to-day activities, and when dealing with others. It also outlines the Company's responsibility to adherence to these ambitious standards. Its core principles are commitments to promote:

- A culture of compliance with laws, rules, and regulations;
- A safe and respectful work environment; and
- Ethical behaviours and business practices.

DUE DILIGENCE

While recognizing limitations in fully investigating all supplier activities, we actively seek ways to mitigate the risk of forced labour or child labour practices in our supply chains. We are committed to complying with the measures and the intent of the Act, to prevent and reduce the risk that forced labour or child labour be used at any step in the procurement of goods.

We have implemented the following elements of due diligence in relation to forced labour or child labour into our processes:

- Embedding responsible business conduct into our policies and management systems; and
- identifying and assessing adverse impacts in operations, supply chains, and business relationships.

Despite evaluating forced labour or child labour in our supply chains as negligible risk, prevention measures are in place. Included in those measures are the responsible and ethical business practices outlined in our Code of Conduct as well as our related policies, which incorporate a comprehensive review of our suppliers within our supplier management. As part of this commitment towards preventing the exploitation of vulnerable individuals in the global supply chain, employees must become familiar with and adhere to the Act and the Company's associated policies and practices, and immediately report any concerns. To date, no such concerns have been brought forward.

REMEDIATION MEASURES

The Company is committed to providing remediation for any confirmed instances of forced or child labour in its supply chain should such an event arise. In 2023, we did not identify, nor were we alerted to, any instances of forced child labour in our supply chain. For this reason, there has not been any opportunities to provide remediation in 2023.

LOSS OF INCOME

The Company has assessed that vulnerable families have not incurred any income losses due to the measures implemented to eliminate forced labour or child labour risks. This determination is based on the fact that no specific actions have been necessary in this area. We believe this is indicative of the effectiveness of our initiatives in safeguarding against such risks and the processes in place to monitor suppliers operating in countries where the risk of forced labour is higher.

EFFECTIVENESS ASSESSMENT

The Company has developed best practices, such as the Code of Conduct and suppliers' signed acknowledgement of adhering to our Code of Conduct, to avoid or mitigate issues in our supply chain, including potential use of forced labour or child labour. As we further develop our internal capacity and knowledge, we will adjust and improve our processes as required to accurately assess the effectiveness of our efforts to prevent forced and child labour.

ATTESTATION

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Chairman of the Board of Directors of Sedna Wind Technologies Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this 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 Sedna Wind Technologies Inc.



Per: _____

Full Name: John Simmons

Title: Executive Chairman of the Board

Date: May 28, 2024



Per: _____

Full Name: Evan Brown

Title: Chief Executive Officer

Date: May 28, 2024