

[APC Nutrition Inc.](#)

2023 Annual Report

**Fighting Against Forced Labour and Child Labour in Supply
Chains Act (Canada)**

Table of Contents

INTRODUCTION	2
REPORTING ENTITIES	2
PREVENTION AND MITIGATION OF THE RISKS OF FORCED LABOR AND CHILD LABOR	2
STRUCTURE, COMMERCIAL ACTIVITIES AND SUPPLY CHAIN.....	3
Structure.....	3
Activities	3
Supply Chain	3
Policies and Due Diligence Process.....	4
Ethics, Environment and Governance	4
Voluntary and confidential declaration process	4
Our Corporate Social Responsibility	4
RISK ASSESSMENT & MANAGEMENT, EFFICIENCY	5
REMEDIATION MEASURES AND REMEDIATION OF LOSS OF REVENUE	5
EMPLOYEE TRAINING.....	5
EFFICIENCY EVALUATION	6
APPROVAL AND ATTESTATION	6
Board of Directors Declaration	6

INTRODUCTION

The Canadian government passed its first law concerning modern slavery: Fighting Against Forced Labour and Child Labour in Supply Chains Act (hereinafter the “Act”). entities subject to this Act must, as part of this Act, produce an annual report on or before May 31 of each year, the first such report being due on May 31, 2024, indicating notably the risks of modern slavery within their supply chain, and the measures taken to mitigate their risks. This report was therefore prepared by **APC Nutrition Inc.** (hereafter « APC ») in accordance with the requirements of the Act for the fiscal year ending December 31, 2023..

At APC, we are committed to taking the necessary steps to identify and mitigate the risks associated with forced and child labor in our operations and supply chain. We are committed to continuously improving our due diligence, risk assessment, remediation and training processes.

This report aims to disclose APC's current status in terms of reducing the risk of child labor in its supply chain, as well as our commitment to respecting human rights. This report will be published annually.

REPORTING ENTITIES

This report was prepared by APC Nutrition Inc. for the following period: January 1st, 2023, to December 31st, 2023.

PREVENTION AND MITIGATION OF THE RISKS OF FORCED LABOR AND CHILD LABOR

APC recognizes the fundamental importance of Human dignity and equality. We believe that economic growth and social progress go hand in hand, and therefore, do all that we can to offer a safe working environment. We believe that economic growth and social progress go hand in hand, so we do our utmost to provide a safe working environment. When it comes to our activities and business relations, we take the protection of Humans rights to heart.

During our last fiscal year, we have continued to lead our business in accordance with our policies promoting the well-being of our employees, and to exercise diligence in our relations with our business partners. Moreover, we have implemented the following measures to contribute to the fight against forced labour and child labour :

- We have familiarized ourselves with the law and its requirements
- We have collected information when hiring our workers to ensure that their free will to work is respected, including with regard to immigrant workers we occasionally hire.
- We ensure that our Code of Conduct is applied to all our employees.

This report paints a description of these measures, as well as some of the additional initiatives we foresee in the fight against forced and child labour, it being understood that these are constantly evolving.

STRUCTURE, COMMERCIAL ACTIVITIES AND SUPPLY CHAIN

Structure

APC was founded in 1994. The company specializes in the preparation of feed ingredients for animals. The company processes animal by-products. As such, we are a major supplier of value-added ingredients as well as a processor of by-products from the agri-food industry.

APC operates in partnership with Sanimax Industries Inc. and LGI Company, which operates in the same field as Sanimax Industries Inc.

Activities

Our facilities are equipped with sophisticated control systems for the production of high-quality ingredients sold internationally. Every day we create something new with the leftovers nobody wants, such as:

- Red cell meal
- Plasma meal

Our activities can be summed up in three parts:

Recovery:

- Collecting inedible organic matter (pig or beef blood)

Renewal:

- Transform collected materials into value-added products by maximizing their reuse.

Return :

- livestock nutrition
- pet nutrition
- Fertilizers
- Aquaculture

Supply Chain

APC works with suppliers, consultants and business partners who have long-standing, solid relationships. Our main suppliers and partners are from the agri-food industry.

As part of its Canadian operations, APC sources food by-products from slaughterhouses. We also collect organic matter (blood). Materials processed in Canada come from facilities located in Canada.

In order to be able to process all the material recovered from its suppliers, APC has had to equip itself with the best equipment, including conveyors, separators, centrifuges and dryers. This

equipment comes mainly from Canadian, American and European suppliers. Most of these suppliers have a Code of Conduct or policies prohibiting child labor.

Policies and Due Diligence Process

Ethics, Environment and Governance

APC has a Code of Conduct that defines the standards of behavior expected of our employees, officers and directors. It covers a number of basic ethical principles that guide the company in its day-to-day operations, such as dignity, respect and compliance with laws and standards. The Code of Conduct thus enables our employees, officers and directors to comply with legal, statutory, contractual and other obligations, and instills in them the duty to protect the interests of their suppliers, customers and stakeholders, by adhering to and respecting the highest standards of ethical behavior. The Code of Conduct is not simply a static document. It is a living document that evolves over time.

Our employees, directors and officers must certify (via their signature) annually that they have read and understood the Code of Conduct.

Training on the Code of Conduct must be completed upon hiring, and every two (2) years of employee service. The training process is deployed and monitored through our integrated training system.

Voluntary and confidential declaration process

We have a system in place that allows employees and external parties to share their concerns securely. It offers a confidential way to ask questions, express concerns or report unethical behavior, such as discrimination, harassment, fraud or other human rights violations. This public platform is available to all our employees as well as our customers, suppliers and partners. Complaints received are escalated directly to senior management and presented to our Board of Directors.

Our Corporate Social Responsibility

APC's mission is to help animals and plants thrive through the use of innovative functional proteins that positively impact performance. This mission enables us to place respect for human rights and ethics at the heart of our decisions. Our activities, at the very heart of the circular economy, enable us to recover animal by-products that would otherwise be thrown away, reducing the overall footprint of food production, saving landfill space and minimizing the impact of animal agriculture on the environment. By using all parts of the animal, we can reduce waste and help other animals thrive. We're constantly looking for new ways, large and small, to make our business as sustainable as possible. Here are just a few examples applied to all our business facilities:¹

- We strive to continuously reduce our energy usage and invest in technologies to lower our carbon footprint. APC captures the heat produced by our dryers and reuses it in other processes and invests in solar panels to offset the use of gas and electricity;

¹ <https://apcproteins.com/sustainability>

- Reusing and reducing water is a priority during the manufacture of blood derived products and requires innovative techniques. APC recycles clean tank water and collaborates with landowners to use reclaimed wastewater for field irrigation.

RISK ASSESSMENT & MANAGEMENT, EFFICIENCY

APC conducts its business activities in several Canadian provinces. The jurisdictions of these provinces offer a very strict regulatory framework with regard to workers' rights and their health and safety at work. As a result, the risk of forced or child labor in APC's day-to-day operations in Canada is very low.

APC has a risk management system based on occupational health and safety issues, but this does not currently include specific risks related to the Act.

APC has not identified any risks of forced or child labor directly with its suppliers, who are mainly based in North America.

Given the diversity of our raw material and equipment suppliers, supply chains vary significantly. In some cases, we have visibility of the product's country or region of origin, while in others we do not. With regards to the raw materials that we collect from Canadian suppliers, we are unable to determine where our suppliers are sourcing from.

REMEDIATION MEASURES AND REMEDIATION OF LOSS OF REVENUE

During the reporting period, APC received no complaints relating to forced or child labor in its operations or supply chain. As a result, we have not put in place any remedial measures or compensation for the loss of family income resulting from forced or child labor.

EMPLOYEE TRAINING

Currently, all our employees must undergo training on the APC Code of Conduct, upon hiring and every two (2) years during their employment.

Training all APC employees on the Code of Conduct is an essential step that brings many benefits to the organization:

- Uniformity of Standards: By training all its employees, APC ensures that everyone understands and adheres to the same standards of conduct. This creates a consistent corporate culture and strengthens the organization's identity.
- This reduces the risk of violations and inappropriate behavior.
- Employees feel more confident when they know what the company expects of them. They know how to act in different situations and are better prepared to make ethical decisions. Mutual trust between the organization and its employees is strengthened.
- Reducing disputes: Solid training on the Code of Conduct can prevent internal conflicts and disputes. Employees are less likely to find themselves in problematic situations. This protects the company's image and avoids the costs associated with lawsuits.
- When all employees receive the same training, it fosters a sense of belonging and commitment to the organization.

In short, Code of Conduct training contributes to a positive corporate culture, legal compliance and APC's long-term success.

EFFICIENCY EVALUATION

APC has not yet put in place a formal process to assess the effectiveness of its approach to preventing and mitigating the risks of forced and child labor in its supply chain.

APPROVAL AND ATTESTATION

Board of Directors Declaration

The Board of Directors of APC Inc. approves this Report in accordance with subparagraph 11(4)(b)(i) of the Act. Pursuant to the requirements of the Act, and in particular section 11 thereof, we, the undersigned, certify that we have reviewed the contents of this joint report for the entities specified below.

To the best of our knowledge and having exercised due diligence, we certify that the contents of this joint report are true, accurate and complete in all material respects, for the purposes of the Act, for the above-mentioned reporting period.

Montreal, May 30th, 2024



Brent Muir, Vice-President, Legal and Governmental Affairs & Public Relations

I have the authority to hire engage APC Nutrition Inc.