

This report is produced by Acernis Medical Inc., “Acernis” (DBA: AMT Surgical and Vantage Endoscopy) for the fiscal year ending September 30, 2023 (FY2023) and sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used for the production and supply of goods Acernis imports into Canada for sale and distribution.

This single entity report constitutes the first report prepared by the corporation pursuant to Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211). As a Canadian entity, Acernis meets thresholds for reporting obligations, but these obligations are limited to the Canadian requirements only and all references below reflect this obligation.

Steps taken

In FY2023 Acernis initiated a Supplier Code, which highlights and reinforces our standards, policies and procedures around various topics including supplier engagement and management, specific to human rights, labour laws and environmental responsibilities.

Presenting the Supplier Code is a good opportunity for constructive dialogue with our key suppliers to identify opportunities to improve social, environmental, or broader aspects of supply chain management.

Structure, activities and supply chains

Acernis, a single entity, is incorporated under the laws of the province of Ontario. Acernis’ main facility is in Kitchener, ON, with an additional office, warehouse, and service facility located in Markham, ON and additional warehouse space located in Edmonton, AB.

Acernis imports, distributes, and services medical equipment, instrumentation (collectively referred to as medical devices) and accessories, to Canadian hospitals and clinics. AMT is the leading supplier of surgical systems in Canada, with a focus on providing customers with surgical solutions that optimize patient safety, clinical performance, ease of use and cost-effectiveness. Vantage Endoscopy delivers best-in-class international medical technologies to suit the dynamic needs of the Canadian healthcare community, operating as a trusted and enduring partner with Canadian hospitals and clinics.

At the time of this initial reporting period (FY2023), Acernis employed 90 individuals across Canada within various operations, finance, sales, and service roles.

The medical devices and accessories Acernis provides are imported from the following countries: Australia, China, Germany, South Korea, Switzerland, UK, and USA. Acernis also distributes products manufactured in Canada. Geographical representation of the products Acernis distributes is as follows: Germany 44%, USA 28%, China 21%, other 7%.

Policies and Due Diligence processes

For FY2023, Acernis continued with existing internal due diligence and initiated its external processes as described below.

Internal Due Diligence:

All employees must complete the review of and accompanying training as applicable for the following, providing an attestation of understanding and compliance.

The Acernis' Employee Handbook includes a section pertaining to the company's Code of Conduct and Code of Ethics, which highlights expectations, code of ethics and business conduct, employment guidelines and a non-discrimination section. It addresses ethical conduct expected within the work environment, business practices and relationships with internal and external stakeholders.

The existing Antibribery and Corruption Policy requires good business practice conduct, for all business divisions, including but not limited to supplier and product sourcing.

The existing Whistleblowing Policy provides an avenue for employees to report any concerns of unethical behaviour, including forced or child labour. This is established through an independent third-party whistleblowing hotline, which allows employees to raise concerns confidentially, anonymously, and independently of the company in relation to any concerns noted. The Whistleblowing policy and posters must be displayed in every Acernis facility, so every employee is aware of the Whistleblowing process.

External Due Diligence:

Beginning in March 2023, Acernis' key suppliers were provided a Supplier Code document and were asked to acknowledge with signature that they have received and understood the Supplier Code and agree to comply with the standards of human rights, labour laws and environmental responsibilities outlined within it.

Assessing and managing our risk

Acernis intends to identify priority areas that require an initial assessment for risk management. Priority review may be applied to supply chains for products imported from certain geographic areas with known higher forced or child labour risks.

Remediation Measures

As Acernis has not completed an initial assessment of potential risk for forced or child labour, remediation measures are not applicable at this time.

To date, no measures have been taken as Acernis is not aware of any need for remediation.

Training

The existing training as mentioned above of the Employee Handbook; Code of Conduct and Code of Ethics expectations, along with the Antibribery and Corruption Policy and Whistleblowing Policy is provided upon initial hire and re-training is biennially required thereafter. This training is mandatory.

Assessing Effectiveness

No actions have been taken yet to assess the effectiveness of existing measures in ensuring that forced labour and child labour are not being used in its business and supply chains.

Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by Elena Lo Castro, Senior Vice President, North America, Lifesciences Sector, Diploma Canada Healthcare Inc., Acernis Medical Inc. Board Member.

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 entity 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 Acernis Medical Inc.

Per: *Elena Lo Castro*

Full Name: Elena Lo Castro

Title: Senior Vice President, North America, Lifesciences Sector

Diploma Canada Healthcare Inc.

Acernis Medical Inc. Board Member

Date: 2024-05-29