



2023 Forced Labour and Child Labour Report

May 29, 2024

2023 FORCED LABOUR AND CHILD LABOUR REPORT (the “Report”)

The following is a joint report prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) by Andlauer Healthcare Group Inc. (“AHG”, or the “Company”, and collectively with its direct and indirect subsidiaries, the “AHG Entities”, “our” or “we”) and its wholly-owned subsidiaries, Accuristix Inc. (“Accuristix”) and Associated Logistics Solutions Inc. (“ALS”, and, together with AHG and Accuristix, the “Reporting Entities”). Each of the Reporting Entities is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario).

This Report provides an overview of the measures, actions and activities undertaken by the Reporting Entities to assess, prevent and reduce the risk of forced labour or child labour in their business and supply chains. This Report applies in respect of the Reporting Entities’ financial year ending December 31, 2023 and is the first report prepared by the Reporting Entities under the Act.

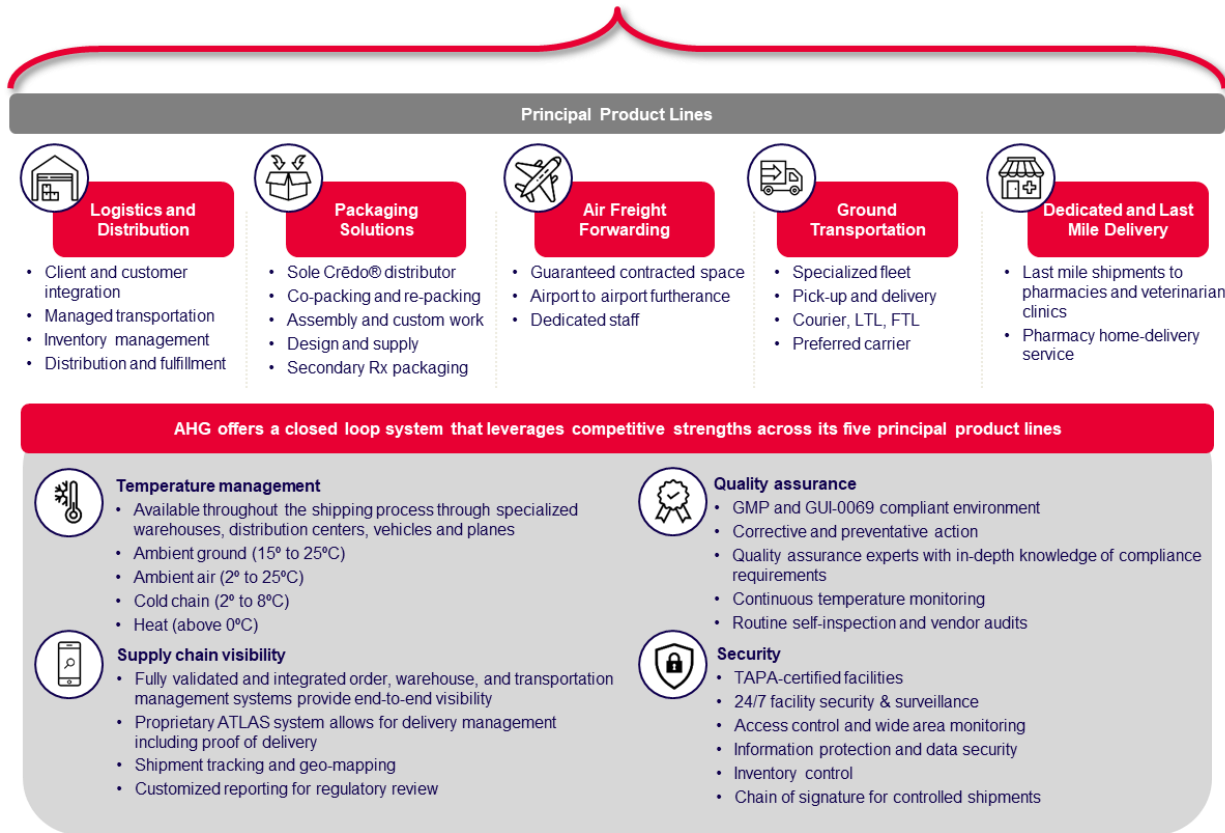
1. About the AHG Entities

We are a leading and growing supply chain management company with a platform of customized third-party logistics (“3PL”) and specialized transportation solutions for the healthcare sector. We offer services to healthcare manufacturers, wholesalers, distributors and 3PL providers, among others, through a comprehensive platform of high quality, technology-enabled supply chain solutions for a range of products, including pharmaceuticals, vaccines, biologics, blood products, narcotics, precursors, active pharmaceutical ingredients, over-the-counter, natural health, animal health, consumer health, cosmetics, health and beauty aids and medical devices. Through our complementary service offerings, available across a coast-to-coast distribution network, we strive to accommodate the full range of our clients’ specialized supply chain needs on an integrated and efficient basis. We also provides specialized ground transportation services, primarily to the healthcare sector, across the 48 contiguous U.S. states.

As of December 31, 2023, we employed approximately 2,290 individuals across Canada and the United States. Our head office is located in Vaughan, Ontario and houses most of our senior management, our primary data centre and the critical resources dedicated to our information technology, financial and administrative functions. We operate 39 facilities located in key cities across Canada, comprised of nine Health Canada-licensed distribution centres, 23 branches, which serve short-term warehousing, staging and distribution functions, and seven third-party owned cross-docks, where we receive inbound linehaul shipments and reload such shipments onto outbound trucks for last mile delivery.

A. Our Business and Supply Chain

We offer robust solutions specifically tailored to the healthcare market and generate revenue across five principal product lines: logistics and distribution, packaging solutions, air freight forwarding, ground transportation, and dedicated and last mile delivery. We differentiate our services and deliver value to our clients through four competitive strengths: temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security.



(i) *Clients for Whom we act as Importer/Distributor*

We act as an importer from a Health Canada perspective for certain pharmaceutical product owners and clients (“**Clients**”). Our services do *not* include the provision of any custom brokerage services required to bring products into Canada and we do not take title to the products. Our Clients or their customs brokers are responsible for any and all customs and compliance aspects of bringing products into Canada including all sales transactions and accounting for such products completed in the name of such Clients. Additionally, once in Canada, we serve as distributor of such products both in and occasionally outside of, Canada on behalf of such Clients. Such distributed pharmaceutical products are manufactured for the Clients by licensed manufacturing sites in the following countries: Australia, Belgium, China, Croatia, France, Germany, India, Ireland, Israel, Italy, Japan, Malaysia, Poland, Puerto Rico, Switzerland, United Kingdom and the United States. In all cases, the sites that manufacture the pharmaceutical products on behalf of our Clients are licensed and Health Canada-approved manufacturing and testing sites that adhere to strict pharmaceutical manufacturing quality systems and regulatory requirements. Compliance with globally accepted Good Manufacturing Practices is a fundamental requirement to maintain such licenses and is reviewed on a set frequency by regulatory bodies.

(i) *Direct Suppliers of the AHG Entities*

With respect to our direct supply chain, our main suppliers provide a range of goods and services to us, including:

- tractors, trucks, trailers and refrigeration units, including spare parts and maintenance services;
- transportation services, including air freight forwarding and linehaul services;
- facility, vehicle and equipment rental services;
- warehouse racking and components and warehouse racking installation, maintenance and repair services;
- shipping supplies, including Crēdo[®] Cubes cold chain shippers;
- information technology products and services; and
- fuel.

The majority of our direct suppliers are based in Canada and the United States.

2. Policies, Procedures and Governance

We recognize our collective responsibility to protect the human rights of AHG Personnel (as defined below), customers and workers across our supply chains. In 2024 we have worked to better understand our reporting obligations under the Act and have taken several steps to proactively reduce the risk of forced and child labour in our supply chains. Among other things, we have reviewed and updated our corporate policy framework to more concretely address forced labour and child labour in our supply chains.

B. Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics (the “**Code of Ethics**”) that applies to all of our directors, managers, officers, employees and consultants (collectively, “**AHG Personnel**”). The objective of the Code of Ethics is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the AHG Entities. Among other things, the Code of Ethics addresses conflicts of interest, protecting the AHG Entities’ assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviours. AHG’s board of directors has the ultimate responsibility for the stewardship of the Code of Ethics. The Code of Ethics is available on the Company’s website at www.andlauerhealthcare.com.

In 2024 the Company amended its Code of Ethics, to prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, modern forms of slavery, any form of human trafficking and the employment of children or individuals below the minimum age permitted by local law.

In order to ensure compliance with the Code of Ethics, AHG Personnel are encouraged to speak with supervisors, managers or other appropriate personnel whenever there is evidence, or a suspected instance, of any such involuntary labour practices at any point in our supply chains and

in the event of any other observed illegal or unethical behavior. AHG Personnel may report violations of the Code of Ethics anonymously. It is our policy not to allow retaliation for reports of misconduct by others made in good faith.

C. Whistleblower Policy

We have adopted a Whistleblower Policy which sets out established procedures for AHG Personnel to confidentially and anonymously submit concerns to the Chair of the Company's Audit Committee (who is independent of management), including in respect of any matter which the individual believes to be in violation of the Code of Ethics. Personnel may also report concerns to government agencies or regulators directly.

D. Business and Quality Agreements with our Clients

In 2024, we updated our business and quality agreements with Clients where we act as an importer from a Health Canada perspective and distribute goods in connection thereto, to require that such Clients certify that they have undertaken measures and due diligence processes in relation to forced labour and child labour, including with respect to the suppliers and manufacturers who comprise part of their supply chains.

E. Training

We provide mandatory annual training to all AHG Personnel on certain of the Company's policies and procedures such as the Code of Ethics, which was recently amended to prohibit the use of forced labour and child labour, and are committed to regularly continuing this initiative. Such training includes teams which engage with Clients and suppliers, including our procurement, subcontracting and compliance teams.

3. Due Diligence, Areas of Risk and Assessing Effectiveness

A. Due Diligence and Areas of Risk

We continue to strengthen our policies and procedures to reduce risks related to forced labour and child labour.

To date, we have determined that our activities and direct supply chains do not carry a material risk of forced labour and child labour. We have not identified any instances of forced labour or child labour in our supply chains and no situations have arisen requiring the implementation of remediation measures, including the remediation of loss of income on impacted families.

B. Assessing Effectiveness

We are committed to continuously improving and strengthening our processes and business practices related to illegal and unethical behaviour, including ensuring that our policies, practices and procedures address any risk of forced labour or child labour in our supply chains. Specifically, we will:

- Require our Clients to certify that they have undertaken measures and due diligence processes in relation to forced labour and child labour, including with respect to the suppliers and manufacturers who comprise part of their supply chains;
- Annually review our policies and procedures, including those relating to forced labour and child labour;
- Consider third-party audits of our policies and procedures wherever there is evidence or concern of illegal or unethical behaviours, including forced labour and child labour; and
- Continue to measure the effectiveness of our policies in ensuring that forced labour and child labour are not being used in our business and supply chains.

4. Attestation

This Report was approved by the board of directors of each of AHG, Accuristix and ALS, pursuant to section 11(4)(a) of the Act.

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 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.

Signed “Michael Andlauer”

Michael Andlauer

Director and Chief Executive Officer, Andlauer Healthcare Group Inc. and Director and President of Accuristix Inc. and Associated Logistics Solutions Inc.

May 29, 2024

I have the authority to bind Andlauer Healthcare Group Inc. and Accuristix Inc. and Associated Logistics Solutions Inc.