

Fresenius Medical Care Canada, Inc.

## **Report on Bill S-211 FINANCIAL YEAR 2023**



Fresenius Medical Care Canada, Inc. report submitted in accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, Bill S-211, 2023.

**FRESENIUS MEDICAL CARE CANADA**

May 22, 2024

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 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.

A handwritten signature in black ink, appearing to read 'J. Hunter', with a horizontal line extending to the right.

John Hunter  
Managing Director

I have the authority to bind Fresenius Medical Care Canada, Inc.

# FRESENIUS MEDICAL CARE CANADA

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# FRESENIUS MEDICAL CARE CANADA

## Introduction

Fresenius Medical Care Canada, Inc. (FME Canada) is committed to preventing child and forced labour from occurring within both its business activities and supply chain. This statement is made in compliance with Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act 2022* and sets out the steps taken by FME Canada during its financial year ending 31 December 2023 to prevent and reduce the risk that forced labour and/or child labour is used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada.

Conducting business in an ethical and responsible manner is part of our corporate responsibility and we expect the same high standards from our suppliers. We recognize that addressing forced and child labour risks is a business-critical matter, as not only is it the right thing to do, it will also improve the integrity and quality of our business operations and supply chains.

### Entity's legal name, structure, own operations and supply chain

FME Canada (business No. 875877821RC0003) is a wholly owned subsidiary of Fresenius USA, Inc. which in turn is owned by the group company, Fresenius Medical Care, AG (hereinafter 'FME').

FME, headquartered in Germany, is the world's leading provider of products and services for individuals with renal diseases of which around 4.1 million patients worldwide regularly undergo dialysis treatment. Dialysis is a vital blood cleansing procedure that substitutes the function of the kidneys in case of kidney failure.

FME Canada is a corporation under the terms of Bill S-211 and operating in the sectors/industry of manufacturing and distribution of healthcare machines and medical supplies as well as clinical and technical education/training.

FME Canada imports, sells, and distributes hemodialysis machines, dialyzers and bloodlines for in-center and home use, portable reverse osmosis machines, carts and pre-treatment accessories for portable reverse osmosis machines, acid concentrates, peritoneal dialysis machines, bags, solutions, and accessories, treatment chairs, ancillaries to treatment, spare parts, and pharmaceuticals. In total, the sales volume of these products amounts to CAD140M annually. Goods are imported from countries such as Australia, France, Germany, Mexico and the United States.

FME Canada operates an acid concentrates manufacturing facility in Vaudreuil-Dorion in Quebec, which produces acid concentrates for the domestic use and export to the United States. The volume of this production amounts to approximately 6.1 million liters annually.

FME employs approximately 120,000 people globally, of which 123 are employed at the FME Canada headquarters in Richmond Hill and 15 are employed at a manufacturing facility in Vaudreuil-Dorion.

FME Canada requires numerous raw materials, packaging materials and components, which we procure from approximately 16 external suppliers in the countries of Czech Republic, Germany, Italy and the United States.

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### Reporting obligations in other jurisdictions

FME Canada is not in itself subject to reporting requirements under supply chain legislation in other jurisdictions. However, FME and/or its affiliates are subject to the United Kingdom's *Modern Slavery Act 2015*, the Australia's *Modern Slavery Act 2018*, California's *Transparency in Supply Chains Act 2010*, the German *Human Rights Due Diligence in Supply Chains Act 2023*, and the US *Uyghur Forced Labor Prevention Act 2022*.

### Policies and due diligence processes

FME, as the group company, sets forth comprehensive global policies and processes to govern its operations worldwide, including on forced and child labour. Those policies apply to all FME affiliates, including FME Canada.

We have a number of standards and policies which demonstrate our related commitments:

- [Our Code of Ethics and Business Conduct](#), which applies globally to every officer, director, employee, contract work and agent of the FME. Amongst other things, this Code of Ethics and Business Conduct includes our company commitment to respect human rights and makes clear to employees the standards of conduct and behaviour expected of them when representing the company, requiring our employees to report any actual or suspected violation of the law, which would include the Canadian Bill S-211.
- [Fresenius Medical Care Human Rights Statement](#), highlights that *"We do not tolerate the use or threat of violence, or any other form of coercion. We strictly forbid using, supporting, or approving any form of exploitative labor, child labor or forced labor. Employment relationships must be based on voluntary participation. Hence, our employees can choose to terminate their employment of their own free will by respecting a reasonable pre-notification period, as applicable. We do not tolerate unlawfully withholding wages."*
- [Our Global Supplier Code of Conduct](#), which covers topics such as ethics, human rights and labor conditions. It requires suppliers to *"take a clear stance against forced labor and any form of exploitative child labor and shall not engage in any form of non-voluntary, forced or compulsory labor"*.

These statements and policies were guided by the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work.

Those policies are embedded in our global approach to implementation of Human Rights Due Diligence, which rests on three pillars: The first pillar is centered around knowing risks, i.e. identifying and understanding the risks for and impacts on human rights, resulting from or related to our business activities, including business relationships. We work towards integrating human rights considerations in relevant risk assessment processes. The second pillar focuses on raising awareness of human rights risks, preventive/remedial measures and (potential) impacts related to FME's activities. It includes communication and training of our business and functional teams as well as of our business partners. The third pillar is about our commitment to continuous

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improvement by embedding human rights considerations into applicable processes and measures as appropriate. Together, all three pillars inform the risk-based actions we take to prevent, mitigate or end human rights risks and impacts, both in our own operations as well as across our supply chain. These include, for example, raising awareness, delivering training, implementing policies and procedures, having internal audits, and determining requirements for contracts and agreements.

More specifically, as part of our due diligence processes for suppliers, we expect them to establish adequate procedures within their organizations, as well as throughout their value and supply chains, to comply with the requirements outlined in our Suppliers Code of Conduct and Compliance Brochure for Business Partners. These guidelines are integral parts of our contractual relationships. In 2023, we implemented human rights and environmental criteria in the selection process for new suppliers, incl. on forced and child labour. The global procurement team was offered training to apply these selection criteria in their tendering processes. Nearly 65% of the targeted procurement employees were reached in 2023.

We have an onboarding process in place for suppliers to inform them inter alia of our human rights and environment (“sustainability”) related requirements and standard operating procedures. This includes managing situations in which suppliers do not wish to or are unable to adhere to these requirements. In these circumstances, we may, for example, conduct a mutual recognition assessment to identify whether the supplier’s sustainability standards and requirements match our own. In cases where a mutual recognition clause cannot be embedded into the contract, we assess whether the risk associated with the supplier can be mitigated by other respective clauses.

To obtain an objective evaluation of the suppliers’ processes, we may also request a third-party assessment as well as documented evidence to confirm compliance with our sustainability requirements. Furthermore, FME is entitled to conduct on-site inspections to verify the information provided.

Finally, our complaint procedure allows individuals within our operations and across our value chain to report any violations. We investigate all complaints and take corrective measures on a case-by-case basis.

We continuously monitor due diligence advancements and internal KPIs, regularly reporting them to the Board. We maintain open communication with our employees about our due diligence activities via our internal channels and inform the general public through our Website and Non-Financial Report<sup>1</sup>, among others.

### **Forced labour and child labour risks**

As a result of our human rights risk assessment, in 2023 we did not identify any specific risk of child and forced labour for our own operations. However, rubber gloves and electronic products, may present a possible risk of child and forced labour in our supply chain<sup>2</sup>.

Our risk analysis process is guided by applicable legal requirements and international frameworks, such as the UN Guiding Principles on Business and Human Rights. We

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<sup>1</sup> For further information regarding our efforts related to sustainable supply chain management please refer to our Non-Financial-Report, p. 125, that is available on our website ([Sustainability overview | Fresenius Medical Care](#)).

<sup>2</sup> [Supply Chain Risk Report 2023](#), World Vision



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follow a risk-based approach and assess potential risks for our own operations based on country and industry risk indicators as well as on available internal information.

For own operations, we have implemented a two-step risk assessment. First, we completed a global baseline risk assessment identifying potential impacts on human rights and environment-related areas. We consider the areas with the potentially highest impact and likelihood as our group-wide focus areas. We annually update our global baseline assessment with due consideration of potential changes in our risk exposure based on external country, sector-specific risk indicators and relevant internal information.

Second, we regularly perform an analysis on country/site level as part of our Corporate Risk Management process to gain insights into the actual local risk situation related to the focus areas. Countries/sites are selected with due consideration of their risk exposure, including external risk indicators, local business type within our global operating model (services, products, manufacturing, other), size of local business (employees' number), other available internal relevant information, etc. Based on the outcomes of this assessment, specific actions and measures to prevent or respectively mitigate risks are implemented, as needed. Furthermore, we use other sources to identify actual and potential risks within our operations such as our regular employee engagement surveys, findings from our complaint handling procedures, internal audits and others.

With regards to our direct suppliers, we do follow a similar approach, where in the first step we assess the potential risk profile of our suppliers based on external data with regards to country- and industry- specific risks ("abstract risk assessment").

In the second step, we select the most relevant suppliers for an in-depth assessment with due consideration of their potential risk profile and type of our business relationship ("self-assessments"). Additionally, we monitor media reports and investigate allegations of potential adverse impacts, as relevant.

We aim to use this information to identify suppliers that do not yet fully comply with our sustainability standards and initiate appropriate follow-up action beyond the existing requirements and expectations for all our suppliers.

### **Remediation measures including remediation of loss of income**

In the reporting period, we have not identified any forced labour or child labour in our activities and supply chains. Hence, implementation of remedial measures was not required.

### **Training**

FME employees receive a mandatory training on human rights, incl. forced and child labour, as part of the Code of Ethics and Business Conduct training.

Over the past years, senior management and executive level staff received additional awareness raising session on human rights and on our approach to manage risks. Moreover, tailor made trainings have been delivered to various departments, including the Human Resources, Procurement and Audit departments.

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Key employees from procurement, marketing and sales departments in FME Canada received additional training on forced and child labour throughout the month of April 2024. The training aimed at raising awareness on these topics, while providing specific examples tailored to the Canadian context. It also gave an overview of the risk factors to consider by FME Canada employees when working with suppliers and key questions to ask to prevent risks of forced and child labour within the supply chain. The training was delivered by the Human Rights, Global Procurement, and Global Sustainability departments of FME. The training will be followed-up by further activities to enhance due diligence efforts in Canada.

### Assessing effectiveness

We are monitoring the effectiveness of our due diligence process and related measures at various levels and functions.

This involves regular reviews of our key policies and procedures, including our Group Human Rights Statement.

Moreover, we incorporate relevant aspects in scope of our internal audits. The results are shared with selected local and global management teams and functions. Where needed, dedicated response measures are developed and implemented on local and/or global levels, respectively. The status of their implementation and effectiveness is re-assessed by the audit team after a specific period. The share of internal audits in connection with human rights topics increased from 30% to 54% compared to 2022.

To assess the effectiveness of our complaint procedures, we track the received reports and our follow-up measures.

Finally, we keep track of awareness-raising and training initiatives for our workforce. Our comprehensive approach includes training sessions on human rights for all employees, integrated into our Code of Ethics and Business Conduct training. Additionally, we conduct specialized training sessions on various topics, such as forced and child labour, tailored to specific departments and countries. Notably, we've conducted trainings for our procurement department with the aim to apply human rights and environmental considerations into the supplier selection process for new tenders.