

Introduction

This report is Kane Biotech Inc. and its subsidiary STEM Animal Health's ("Kane", "Kane Biotech", and "Company") response to Bill S-211, an Act to enact the Fighting Against Forced Labor and Child Labor in Supply Chains Act and to amend the Customs Tariff ("the Act"), sections 11(1) and 11(3).

Kane satisfies the definition of an Entity within the Act as and is listed on the TSX Venture Exchange under the symbol "KNE" and on the OTCQB Venture Market under the symbol "KNBIF". Kane has a place of business in Canada, conducts business in Canada and has assets in Canada.

This report covers Kane's fiscal year January to December 2023. As of the preparation of this report STEM the subsidiary of Kane was sold on April 12, 2024. This is the first version of the report submitted for Kane Biotech with its head office located at 290-100 Innovation Drive, Winnipeg, Manitoba, Canada, R3T 6G2.

Kane's Commitment

As *The Biofilm* company, our business touches numerous people in North America. We believe in protecting the rights of the individuals who work in our business, either directly or indirectly, through the suppliers that provide us with products and services. Modern slavery – including but not limited to forced labor and child labor – and human trafficking are therefore contrary to our beliefs. We commit to ensuring slavery or human trafficking is not utilized in the development and manufacture of our products or in those of our suppliers and subcontractors by taking a proactive stance to support and respect the protection of internationally proclaimed human rights, and to guard against being complicit in human rights abuses. We also commit to encouraging our suppliers and business partners to adopt a similar approach and confirm they operate in a manner that demonstrates respect for people and upholds their rights.

We hold ourselves to the high standards and expect Kane employees, contract workers and members of the boards of directors of Kane Biotech Inc. and all its subsidiaries to act with integrity and always comply with the letter and spirit of the laws, regulations and rules that apply to Kane in the jurisdictions where we operate. Where instances become apparent that our expectations are not met, we will review and respond accordingly.

Our structure and operations

Corporate governance of Kane Biotech is overseen by the Board of Directors headed by the Executive Chair and is comprised of both independent and non-independent directors including the President and CEO of the company. The Board of Directors meets on a regular basis, not less than four times per year. The Board of Directors has enacted a Whistleblower Policy to encourage and promote a corporate culture of ethical business conduct. The Governance and Nomination Committee is responsible for developing on behalf of the Corporation, its corporate governance principles to foster a healthy governance culture at the Corporation, including the development of, and compliance with, corporate governance policies and procedures. The President and CEO of Kane Biotech serves as the Chair of the Board for Kane's subsidiary

STEM Animal Health ensuring similar philosophies and requirements were in place. As of the preparation of this report, the Board of STEM Animal Health had been dissolved, as this subsidiary of Kane was sold on April 12, 2024.

Management and staff adhere to prescribed procedures and practices aligned with their operating role. Each employee is expected to foster a healthy working environment. Kane's Code of Ethics rests on the principles of responsibility, professionalism, respect, integrity, and teamwork. This must be followed by all employees. With the current corporate focus as a designer, developer and manufacturer, management at Kane is committed to the development and implementation of the quality management system and maintenance of its effectiveness by a) communicating to the organization the importance of meeting customer as well as applicable regulatory requirements; b) establishing the quality policy; c) ensuring that quality objectives are established; d) conducting management reviews and e) ensuring the availability of resources.

As a Research and Development (R&D) company, Kane adheres to sound scientific principles and documentation. As a medical device company for these products, Kane is involved in design, and development of non-sterile medical devices and device/drugs/biologic combination products and associated manufacturing processes. Its practices meets or exceeds the requirements of ISO 13485:2016 Quality Management Standards for Medical Devices, 21 CFR 820 (US FDA) and SOR/98-282 (Health Canada) with respect to medical device design development and manufacture.

Policies and due diligence processes

We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our patients, stakeholders, employees, regulators, communities, and shareholders. The Governance Committee of the Board of Directors of Kane Biotech continue to (i) develop and recommend governance frameworks, principles, and policies to the board; (ii) oversee environmental, social and governance (ESG) matters; and (iii) monitor developments in corporate governance and adapting best practices. More specifically, the Governance Committee is also responsible for reviewing the corporate citizenship strategy including those in respect of human rights.

Kane Biotech believes in the value of all individuals and their inalienable rights as represented in the United Nations' Universal Declaration of Human Rights, the principles defined in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and other ethical standards that promote respect for people everywhere, without discrimination, in whatever capacity they are connected to our business. This includes measures aimed at reducing forced or involuntary labor.

Kane Biotech strives to conduct operations in a manner that promotes the safety and protection of human rights, embracing a diverse and inclusive workforce, and avoid any complicity in forced labor, child labor, exploitation, trafficking, physical punishment, unfair work hours or compensation, limits to freedom of association or other human or labor rights violations. We do not tolerate discrimination on the basis of race, color, religion, disability, national origin, age, sexual orientation, gender, gender identity and expression, marital status, citizenship status or any other characteristic of diversity.

Senior management at Kane has established a Quality Policy which amongst other things requires the staff to consistently meet the requirements and expectations of our customers, continuously improve knowledge and expertise of employees, ensure continuous improvement of our processes and systems and maintaining compliance with applicable international requirements and regulations amongst other key expectations. It is through these due diligence processes that the identification of and ability to correct and/or mitigate potential adverse impacts through the supply chain is/can be realized.

The importance and implications of the Quality Policy in the day-to-day decisions and actions of all employees is communicated and discussed with all employees through employee meetings, training and review of job functions and responsibilities. The quality policy is reviewed periodically for continued suitability during management review meetings. The quality policy at Kane is understood, implemented, and maintained at all levels of the organization.

Supply Chain

Aligned with the requirements of ISO 13485:2016 Quality Management Standards, Kane has implemented a robust vendor evaluation management program implemented for its current products which includes for critical and key suppliers the requirements to complete a questionnaire and the implementation of quality agreements in the case of key service providers. Purchasing procedures are in place to ensure that purchased components conforms to specified purchasing information and provide assurance that services are conducted in accordance with Kane's and specified regulatory requirements. Kane monitors the performance of the supplier and uses this input as part of a periodic re-evaluation process. Non-fulfillment of purchasing requirements is addressed with the supplier in a manner proportionate with the risk associated with the purchased product and compliance with regulatory requirements. Records of this process are maintained as quality records.

Risk Management

Under the oversight of the board and senior management, programs are in place for managing risk, including identifying, assessing, measuring, controlling, monitoring, and reporting on the significant risks that face the organization. A risk management process is in place to provide a system for risk management; to identify the hazards associated with medical devices, to estimate and evaluate the associated risks, to control these potential risks, and to monitor the effectiveness of the controls. Through this process the same requirements are extended to its supply chain. This procedure is intended to provide a method for identifying, evaluating, and documenting these risks. Risks and impacts considered include the use of those materials procured, the source of the material (animal, or synthetic), and country of origin.

Supplier risk management

We have due diligence programs in place for suppliers which includes risk. Kane monitors supplier compliance and in the cases of key/critical suppliers may involve audit of their control environment. We

routinely request information from our suppliers with respect to their compliance with the principles of a robust supply chain including source of material and country of origin.

With respect to modern slavery – including but not limited to forced labour and child labour Kane has initiated a risk-based approach to evaluate our suppliers. Eighty percent of Kane Biotech’s suppliers of packaging, components, and raw materials are located within Canada or the United States of America; similarly, Kane’s subsidiary STEM’s Animal Health subsidiary’s supply chain is sourced primarily within Canada, or the United States with China included within the 80% (13%).

We risk-assess suppliers at the inception of the business relationship and have processes in place to track changes in their risk profiles (performance monitoring) on an ongoing basis and identify nonconformity practices for key (highest risk) risk suppliers. If or when a supplier is flagged during this process, they will be subject to enhanced due diligence. Kane commits to preventing and will mitigate adverse impacts which may be associated to us by taking appropriate action to mitigate such risks, which may include additional requirements within the business relationships. To support this our assessment processes will include the requirement to describe the supplier’s approach to this initiative. Based on the response Kane will make an informed decision.

A risk assessment over Kane’s industry of operation, goods procured and countries where goods are procured from has been performed over a sample of material direct suppliers. No risk assessment was performed over STEM’s suppliers as it was sold as of April 12,2024.

This risk assessment used two separate indices to conclude on the inherent risk of child and/or forced labor related to goods and countries - Walk Free’s Global Slavery Index and the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor.

Industry of Operations

Kane operates within the Health Care and Pet Grooming product industries which are associated with a minimal risk of child labor or forced labor according to the two indices.

Countries Goods are Procured From

For countries of origin, 50% of suppliers are based in Canada while the remaining 37 % is from United States, both of which are lower risk countries per Global Slavery Index by the Walk Free Foundation and US Department of Labor.

Goods Procured

Based on 2022 List of Goods Produced by Child Labor or Forced Labor by the US Department of Labor Bureau of International Labor Affairs, there are no materials acquired by Kane or its related companies determined to be under high-risk category. As many components used in the operations are sourced from Canada and/or the US, the overall potential risk is significantly reduced. Furthermore, Kane has determined that there are no high-risk suppliers based on the suppliers’ operations.

Culture and conduct

Code of Conduct

The Board of Directors has enacted a Whistleblower Policy to encourage and promote a corporate culture of ethical business conduct. The Governance and Nomination Committee is responsible for developing on behalf of the Corporation, its corporate governance principles to foster a healthy governance culture at the Corporation, including the development of, and compliance with, corporate governance policies and procedures. The President and CEO of Kane Biotech served as the Chairman of the Board for STEM Animal Health ensuring similar philosophies and requirements were in place.

Remediation of Forced & Child Labor

To mitigate the risk of child and forced labor within supply chains, Kane Biotech Inc has incorporated the following mechanism for supplier due diligence:

Supplier Questionnaires

Kane Biotech has initiated the distribution of requirements to suppliers, concentrating on conducting due diligence concerning this Act. From the initial responses received, no instances of child labor or forced labor have been identified.

Supplier Code of Conduct

Kane Biotech is in the process of creating a Supplier Code of Conduct, outlining items such as but not limited to, legal compliance, ethical business practices, force/child labor practices, and supply chain responsibility. The Supplier Code of Conduct is expected to be extended to all suppliers of the company.

Remediation of Vulnerable Family Income Loss

Kane Biotech Inc is in the process of understanding and evaluating its supply chain related to the risk of child labor and forced labor. To date, Kane Biotech has not identified any instances of use of child labor or forced labor within its operations or those of suppliers. Kane Biotech Inc has committed to performing a review of procurement practices to enhance the rigor of its due diligence processes including raising awareness with its suppliers.

Our training

Currently there is no training related to forced and child labor within Kane Biotech's training program which consists of individual, group, or classroom sessions (training events) which support the design, development, and manufacture of medical devices as well as the quality management system. Within this framework are specific programs on the management of vendors and Kane's purchasing process. Those procedures which require training are documented and records are maintained and consist of establishment of employee competence, provision of needed training and personnel awareness of the relevance and importance of their activities in the achievement of compliance. The program will be supplemented to include awareness training of the forced and child labor requirements.

Effectiveness assessment

Currently Kane has no direct reference to a procedure or policy that ensures the effectiveness of our actions in preventing and reducing risks of forced labor and child labor in their activities and supply chains have a meaningful impact. With this said the mechanisms available through our established vendor program with additional enhancements will more than adequately address this in the future.

Approval and attestation

Our consultation and governance process

In preparing this Statement, Kane engaged/initiated engagement with each of the reporting entities covered by this Statement, and with other entities it owns or controls. We consulted with key areas of our organization to prepare this Statement, including Purchasing, Quality and Regulatory, Finance and Administration. These teams operate across our activities, including across the subsidiaries to which this Statement applies. This supports our enterprise-wide approach to modern slavery.

Conclusion

Kane remains committed to preventing slavery and human trafficking from taking place in our businesses and in our supply chains. We will continue to review our policies, procedures, and practices periodically to determine any enhancements we can make to help prevent modern slavery and human trafficking.

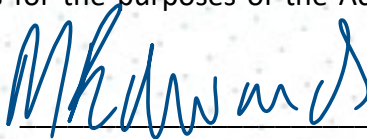
Approval

This Statement was approved by the board of directors of Kane Biotech Inc on May 29, 2024. As of the preparation of this report, the Board of STEM Animal Health had been dissolved, as this subsidiary of Kane was sold on April 12, 2024.

Attestation

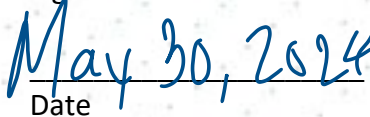
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Marc Edwards



Signature

President & CEO



Date

I have the authority to bind Kane Biotech Inc. and this report covers financial year 2023.