



Report on Fighting Against Forced Labour and Child Labour for 2023

Introduction

This report (the “Report”) has been prepared by Knight Therapeutics Inc. (“Knight” or the “Company”) pursuant to Section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). The Report covers the fiscal year ending in December 31, 2023 and outlines the steps taken to identify and address the risk of forced and child labour at any stage of goods distribution within Canada or elsewhere, as well as for goods imported into Canada.

The Company strives to uphold the highest standards of legal and ethical conduct and recognizes the gravity of forced and child labour. Knight places the highest importance on respecting and upholding human rights while conducting our business activities everywhere we operate. For both of Knight’s two most recent financial years, the Company has met the size-related thresholds of the Act related to assets (over \$20 million), revenues (over \$40 million) and number of employees (over 250). The Report represents Knight’s inaugural report under the Act.

Section 1: Structure, operations and supply chain

Knight Therapeutics Inc. is a specialty pharmaceutical company, headquartered in Montreal, Canada, and is listed on the Toronto Stock Exchange under the ticker symbol “GUD”. Knight is incorporated under the *Canada Business Corporations Act*. The Company operates in Canada, Latin America and select international markets and the activities performed are as follows:

- Principal business activity is developing, acquiring, in-licensing, out-licensing, manufacturing, marketing and distributing pharmaceutical products in Canada, Latin America and select international markets.
- Finances other life sciences companies with the goal of strengthening relationships in the life science industry and securing product distribution rights for Canada and select international markets.
- Invests in life sciences venture capital funds whereby the Company may receive preferential access to innovative healthcare products for Canada and select international markets.
- Develops innovative pharmaceutical products including those to treat neglected tropical and rare pediatric diseases.

The Company is dedicated to delivering high-quality treatments to patients and operates in a highly regulated environment. Knight purchases and imports the following key products:

- (1) Raw materials for the manufacturing of pharmaceutical products also known as Active Product Ingredients (“API”)
- (2) Finished products for human use (“Pharmaceutical Products”)



The manufacturing and sale of API and Pharmaceutical Products involves respecting a complex set of rules, regulations as well as laws which may differ on a country-by-country basis. The Company believes that it is important to highlight some of the key regulations impacting its operations and supply chains which are as follows:

- The manufacturing sites of the API and Pharmaceutical Products have to follow the rules and regulations usually administered by the relevant health authority where the site is located. Given the key suppliers of Knight are located in the United States ("US") and Europe this would typically require adherence to US and European rules and regulations administered by the Food and Drug Administration ("FDA") and European Medicines Agency ("EMA"). Some regulatory agencies (i.e. Brazilian Health Regulatory Agency "ANVISA") require their own certification of the manufacturing site.
- The manufacturing sites are typically issued operating licenses which are renewed upon audits of the relevant health authority such as the FDA for products manufactured in the US.
- A Pharmaceutical Product requires the approval by the relevant health authority (e.g. Health Canada) for its import, sale and distribution for human consumption in a country.
- A Pharmaceutical Product has to undergo strict quality testing before it is released for sale in the market.

The API or Pharmaceutical Products are purchased from Knight's licensing partners or from contract manufacturing organizations ("CMOs"). The Pharmaceutical Products are sold to pharmacies, hospitals, and other healthcare providers directly by Knight in Canada, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Uruguay.

Section 2: Policies and due diligence processes in relation to modern slavery

The Company has a strong stance against modern slavery and human trafficking within our supply chains and across all aspects of our business. Knight does not tolerate modern slavery in its supply chains or in any part of its business and is committed to ensuring transparency. The Company holds our suppliers and CMOs to the same high standards.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics Policy (the "Code") is frequently reviewed and updated and applies to all subsidiaries and employees. Every employee of Knight is subject to a mandatory review and training on the document on a yearly basis.

The Code covers the following key topics:

- **Conflict of Interest:** Dealing with and disclosing conflict of interest
- **Financial and Corporate Integrity:** Ensuring Knight employees abide by all applicable laws and regulations within the jurisdictions the Company operates in
- **Confidentiality and Disclosure:** Ensuring the confidentiality of information
- **Harassment and Diversity:** Ensuring a respectful and inclusive workplace



- **Reporting and Administration:** Ensuring all employees are familiar with reporting process in case of a breach of the Code

In addition to employees, the Company expects all third parties to respect the principles of our Code. The Code requires all employees to take reasonable steps to familiarize and educate themselves with the laws and regulations affecting their work and ensure that their conduct complies with those laws. Knight actively encourages a “speak up” culture. All Knight employees are obligated to report any known or suspected violations or unethical behaviour to their superiors or through an independent third-party whistleblowing hotline.

Diligence of the Company’s suppliers of goods

The company has adopted the following policies and process in relation to its key suppliers of pharmaceutical products:

- diligence and monitoring of all key suppliers with the use of global business intelligence risk tools;
- audit on an ad-hoc basis of certain suppliers to ensure compliance with supply and quality agreements; and
- analysis of publicly available documentation related to our key suppliers, including reporting on modern slavery, financial statements & related disclosures, governance disclosures such as codes of conduct and ESG reports.

The Company is continuously assessing its policies, processes and agreements with third parties to ensure the reinforcement of our commitment to prevent forced and child labour in our operations and supply chains.

Training of employees involved in our supply chains

The Company has implemented mandatory training requirements on forced and child labour to targeted employees involved in the supply chain process. The training is another tool deployed by the Company to prevent and mitigate modern slavery through the education and awareness of employees.

The Company believes that the risk of forced and child labour in our supply chain is mitigated with the above policies and processes within our supply chain. In addition, due to the nature of the pharmaceutical industry, the manufacturing of API and Pharmaceutical Products require a skilled workforce in regulated and controlled work environments. Consequently, Knight believes the level of risk of exposure to forced and child labour is low.

Please see Section 6 below for further details regarding our employee training programs.

Section 3: Risks of modern slavery practices in our operations and supply chains

The Company has deployed a risk-based approach to identify and mitigate forced and child labour risks. This approach assesses the level of risk of a supplier in relation to modern slavery and the corresponding level of diligence required on the supplier. The key factors used in this risk assessment are as follows:



Supplier Location: Evaluation of the level of risk of the suppliers are based on where they operate.

- This includes the review of external data resources for a list of goods produced by child and forced labour including the Alliance 8.7 Global Estimates of Modern Slavery and the US State Department’s list of goods produced by child and forced labour as well as a review of the Global Slavery Index (the “GSI”)
- The Company’s key suppliers are in Europe, US and India, which are typically low to medium-risk jurisdictions

Nature of Product: Analysis of risk based on type of product.

- The API and Pharmaceutical Products are manufactured, purchased and sold in highly regulated environment as described in Section 1 above.
- The complex and increasing level of regulations in the pharmaceutical industry as well as all the quality controls required in the production of pharmaceutical products for human consumption indicate a lower inherent risk.

Labour Force Composition: Analysis of the composition of the labour force involved in production.

- This includes the assessment of the level of skill of the workers and whether migrant workers are used for production.
- The production of API and Pharmaceutical Products requires highly skilled labour force which typically indicate a lower inherent risk.

Sections 4 and 5: Actions taken to remediate modern slavery & impact to vulnerable families

The Company’s Code provides a robust reporting mechanism for employees to address ethical or legal violations, as well as other concerns. The Company requires all employees to report any suspected behaviour that could be a breach to our Code . The Company has adopted a clear communication strategy for reporting of suspected breaches to the Code. This includes reporting through the compliance team, officers, compliance committees and our third party whistleblower and ethics tool.

In the event a situation of non-compliance is identified, Knight will work to develop and implement a corrective plan to improve and remedy the situation. Given that no instances of non-compliance have been identified in Knight’s operations or supply chains, Knight has not identified any loss of income resulting from child or forced labour, and thus has not undertaken steps to remediate loss of income.

Section 6: Training

All employees of Knight are required to read and sign the Code when they join the Company. Furthermore, employees receive mandatory training at least on an annual basis on key risk areas of the organization, including understanding and adhering to our code of conduct, anti-bribery and anti-corruption (“ABAC”), pharmacovigilance, business continuity and cybersecurity. In addition, as described in Section 2, the Company has adopted a mandatory training policy on modern slavery for employees involved in the supply chain process.



Section 7: Assessing effectiveness

The Company will periodically review the effectiveness of the measures in place to mitigate the risks of modern slavery in its business and supply chain. Knight is committed to ongoing review and alignment with industry best practices of our processes and policies to reduce the risks of forced and child labour.

Approval

This report was approved by the Board of Directors of Knight Therapeutics Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, the undersigned attest that they have reviewed the information contained in the report for the entities listed above. Based on our knowledge, and having exercised reasonable diligence, the undersigned 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.

I have the authority to bind Knight Therapeutics Inc.

(s) Samira Sakhia

Name: Samira Sakhia, M.B.A

Title: President and Chief Executive Officer