MARCAN

MANTRA PHARMA®

Joint Annual Report

Marcan Pharmaceuticals Inc. and Mantra Pharma Inc.

Fighting Against Forced Labour and Child Labour in Supply Chains Act

This is a joint report prepared by Marcan Pharmaceuticals Inc. ("**Marcan**") and Mantra Pharma Inc. ("**Mantra**" and collectively with Marcan "**we**", "**us**", "**our**"), two innovative and growing companies in an ecosystem of Canadian pharmaceutical and healthcare companies.

The purpose of this joint report is to illustrate the actions taken by Marcan and Mantra over the past year to prevent and mitigate risks related to the use of forced labour or child labour at any stage of our supply chain of products or services.

As a commitment to maintain a continuous improvement process in our respective supply chains, an update of this report will be produced no later than May 31st of each year.

This report is made in accordance with the **Fighting Against Forced Labour and Child Labour in Supply Chains Act**[1] (the "**Act**").

Joint report for the fiscal year ended March 31st, 2024.

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1 Our Companies

Structure, Activities and Supply Chains

Structure and Activities

Founded in 2005 and headquartered in Ontario, Marcan is a pharmaceutical company actively engaged in the development, marketing, sales and distribution of branded and generic pharmaceutical products for the Canadian market. Marcan currently manufactures and distributes a variety of medicines covering a wide range of therapeutic classes across many dosage forms. It markets high-quality, affordable medicines in the Canadian market and has a strong presence in the Indian, American and European markets. In 2015, Marcan was acquired by Emcure Pharmaceuticals LTD, a vertically integrated global manufacturer and leader in research and development.

Founded in 2006 and headquartered in Quebec, Mantra is focused on the licensing and acquisition, distribution and marketing of generic prescription pharmaceutical products for the Canadian market. On the other hand, Mantra also develops and markets many natural health products for the Canadian consumer. With its main mission to help better care for people, Mantra offers privileged access to health professionals through the efficient marketing of quality pharmaceutical products. Since November 2023, Marcan holds shares in the share capital of Mantra.

The activities of Marcan and Mantra are heavily regulated by Health Canada, a federal institution that is part of the portfolio of the *Department of Health of Canada*.

Supply Chains

Marcan and Mantra's supply chains include a wide range of products and services, including:

- Pharmaceuticals and Natural Health Products
- Packaging and labelling products
- Active pharmaceutical ingredients
- IT Products and Services
- Freight transport

We purchase medicines and other goods and services from business partners located in Canada and around the world and strive to do with partners who share our commitment to high ethical standards and operate responsibly to their employees.

Typically, the finished products supplied by our direct suppliers are mainly produced in North America, Europe and India.

Forced labour and child labour go against our values. We try to work with suppliers, consultants and subcontractors whose values and objectives are similar to ours.

2 Policies and Due Diligence Processes

Policies

Our management has and will continue to take a zero-tolerance approach to forced labour and child labour and will respond accordingly to any transgression. To do this, we choose our suppliers carefully.

We have formally informed all our major suppliers of finished pharmaceutical products of our expectations for the prohibition of forced labour and child labour. A compliance clause against forced labour and child labour will be introduced in all our new contracts and contract renewals with suppliers.

As a partner with several major pharmaceutical banners and distributors, we ourselves adhere to several codes of ethics and supplier code of conduct aimed at ensuring that our ecosystem treats people with dignity and respect by respecting human rights and applicable employment standards.

Over the next few years, we will continue to work in this direction and will try to develop a mapping program to ensure that our supply chains are and remain healthy.

Due Diligence Process

Recognizing the importance of the Act in the context of our supply chain, we are dedicated to strengthening our due diligence with respect to forced labour and child labour, taking an approach that is proportionate to the existing risks.

It is important to remember that our companies are part of a highly regulated ecosystem and we applaud Health Canada's mission to ensure a very high level of compliance with applicable regulations. We would also like to remind you that the *Good Manufacturing and Quality Practices* (GMP) guidelines set out by Health Canada and advocated by our companies were written with a view to harmonizing with the GMP standards of various recognized and highly regulated global organizations[1]:

- the World Health Organization (WHO)
- the Pharmaceutical Inspection Cooperation/Scheme (PIC/S)

1. For more information please consult: *Good manufacturing practices guide for drug products (GUI-0001)* on Health Canada's website.

- the International Council on Harmonisation (ICH)
- the International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products (VICH)
- other regulatory agencies in other countries.

Health Canada has also signed *Mutual Recognition Agreements* (MRAs) for drug/medicinal products *Good Manufacturing Practices (GMP) Compliance Programs* with other international regulatory authorities, as well as other agreements with other parties.

In order to properly guide our suppliers of finished products, our teams are adequately trained in *Good Manufacturing and Quality Practices* (GMP) and apply the *Good Manufacturing Practices Guidelines for Drugs (GUI-0001)* set out by Health Canada on a daily basis.

Quality Agreement

In selecting our suppliers of finished products, we require that each of them commits to and sign a *Quality Agreement* under which the supplier agrees to meet various standards with respect to, among other things, the manufacturing, packaging, quality control, quality assurance, storage and shipping of each product, all in accordance with *Good Manufacturing and Quality Practices* ("**GMP**") required by Health Canada.

In our *Quality Agreements*, we require each of our finished product suppliers to carry out its activities and responsibilities in accordance with the relevant GMP guidelines, policies and regulations required by Health Canada.

In addition, each of our suppliers acknowledges and commits to us that they will submit to an inspection of their facilities, processes and documentation related to the production of their products by the *Health Products and Food Branch Inspectorate (HPFBI)*, which is responsible for the delivery of establishment licences and related laboratory functions. In fulfilling its responsibilities, the *Inspectorate* adopts a risk management approach to decision-making and applies senior management's vision of a comprehensive regulatory strategy across all product classes.

Being highly regulated by Health Canada, our companies also remain in close contact with

its direct suppliers to ensure the quality of the finished products offered to Canadian citizens. We conduct visits/audits/inspections by our internal employees, management and/or independent audit firms to ensure an audit of stakeholders in our supply chains.

Standard Operating Procedures (SOPs)

In accordance with GMP requirements by Health Canada, each of our companies has standard operating procedures (commonly referred to as "**SOPs**") that describe all areas of operation of our companies and how we comply with GMP requirements.

Our Quality Agreements and SOPs require that each of our finished product suppliers retains personnel with the appropriate qualifications, education and expertise to carry out all operations related to the production of a product.

We also require our suppliers of finished goods to adopt a formal training program that must be described in a standardized, written, and approved written procedure. Training records must be maintained and each staff member must be trained in accordance with GMP, as required by Health Canada.

Supplier Code of Conduct – Coming Soon

Finally, as part of our plan to formalize expected work attitudes and high ethical standards, we plan to develop a Supplier Code of Conduct for our companies to reflect our core values of conducting business ethically, honestly and with the highest integrity in procurement.

3 Risk Assessment and Management

Mantra has zero tolerance for forced labour and child labour and is committed to acting ethically in all its business dealings. Any non-compliance with these expectations will be subject to careful investigation and remediation.

As of the date of this joint report, no cases of forced labour or child labour have been brought to our attention through our respective supply chains.

4 Remediation Measures

As we have not identified any cases of forced labour or child labour in our respective supply chains as of the date of this joint report, no action has been taken to address any use of such illegal practices, nor to address the loss of income of the most vulnerable families as a result of measures to eliminate such practices.

5 Employee Training

In a constant effort to continuously improve, in 2024 and 2025, we are committed to providing training to our employees and management on raising awareness of the prohibition of forced labour and child labour.

During the reporting year of this joint report, we retained the services of legal counsel to explain to our legal department and management the purpose and content of the Act. We plan to continue to address these issues to ensure that everyone in our businesses is adequately informed about the concepts of modern slavery.

6 Assessing Effectiveness

We recognize that the risks associated with forced labour and child labour are constantly changing and evolving. We also recognize that effective methods to identify and combat forced labour and child labour will be developed and improved.

We will continue to monitor and evaluate these developments and our approach to the prevention of forced labour and child labour will be reviewed annually so that we can adapt and improve our approach. However, to date, we have not taken any steps to assess the effectiveness of our efforts.

7 Conclusion

We are committed to conducting our business ethically and with integrity, and to respecting people's rights. We expect all stakeholders who do business with us to share the same commitments and work to the same high standards of compliance.

We are proud to offer our employees fair wages, good working conditions, a healthy and safe working environment and to promote the development and dignity of our employees.

8 Approval and Attestation

The boards of directors of each of Marcan and Mantra have approved this joint report.

In accordance with the requirements of the Act, and in particular section 11 thereof, each of us certifies that we have reviewed the information contained in the joint report for the entities listed below. Based on our knowledge, and having exercised reasonable diligence, we hereby attest that the information in the joint report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

MARCAN PHARMACEUTICALS INC.

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Sudheer Paladugu

President, duly authorised
to bind Marcan Pharmaceuticals Inc.

May 30th, 2024

MANTRA PHARMA INC.

DocuSigned by Jean-Francois Letarte
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Jean François Letarte

President, duly authorised
to bind Mantra Pharma Inc.

May 30th, 2024