

Introduction

On January 1, 2024, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“the Act”) came into force. Every entity to which the Act applies must submit an annual report detailing the steps taken during the previous financial year to prevent and reduce the risk that forced or child labour is used by them or in their supply chains.

As a health care corporation operating in the province of Ontario, Muskoka Algonquin Healthcare has determined that it meets the definition of an entity under the Act and, as such, will make every effort to comply with all requirements.

The following Annual Report (“the Report”) outlines the measures taken by Muskoka Algonquin Healthcare to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains. The Report covers activities taken during the 23/24 Financial reporting year with a focus on activities in Q4 when the Act came into force.

Annual Report

Steps to Prevent and Reduce Risk

Muskoka Algonquin Healthcare has taken or is in the process of taking the following steps to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods used by the entity:

- Conducting an assessment of risks of forced labour and/or child labour in the organization’s activities and supply chains
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization’s activities and supply chains
- Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains
- Developing and implementing anti-forced labour and/or -child labour contractual clauses
- Developing and implementing anti-forced labour and/or -child labour standards into our procurement and supplier codes of conduct
- Developing and implementing training and awareness materials on forced labour and/or child labour for staff involved in the procurement process
- Engaging with supply chain partners on the issue of addressing forced labour and/or child labour

Muskoka Algonquin Healthcare is updating our *Request for Proposal* and *Contact* templates with additional language related to preventing and reducing the risk of forced or child labour being used by suppliers or in their supply chains.

The following language is being added to these documents:

“The goods and any services provided by the supplier under this Agreement are not the result of, and in no way involve, forced labour or child labour (as such terms are defined in Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act*).”

Similar language is being introduced into the *Procurement Supply Chain Code of Ethics* as well as the *Supplier Code of Conduct* policies.

We are currently developing and implementing applicable mandatory training for the Purchasing and Sourcing Teams as well as providing awareness training to Muskoka Algonquin Healthcare’s leadership team.

Current Supply Chain Structure & Due Diligence

As a healthcare organization, Muskoka Algonquin Healthcare participates in several Group Purchasing (GPO) and Shared Services Organizations (SSO) aimed at centralizing Ontario Public Service and Broader Public Sector purchasing and supply chains. These group purchasing organizations have measures and due diligence in place to ensure compliance with the Act by their contracted vendors.

As a member of these group organizations, Muskoka Algonquin Healthcare relies on the contracting and onboarding processes established by the GPO / SSO organizations for a good portion of the vendors utilized by Muskoka Algonquin Healthcare.

For example, HealthPro Canada has had a Sustainability Scorecard embedded within its proposal evaluation criteria since 2022. The data collected includes an analysis of suppliers’ public-facing policies specifically addressing indicators of forced labour. Additional questions have been added to the Scorecard as of January 2024 to further guide the support HealthPro Canada provides its members regarding both forced and child labour. This information is made available to members at the time of supplier selection on all committed contracts.

In addition to these partnerships, Muskoka Algonquin Healthcare is implementing internal policies and due diligence processes related to forced labour and/or child labour.

The following elements of the due diligence process are being implemented in relation to forced labour and/or child labour:

- Embedding responsible business conduct into policies and management systems, such as codes of conduct, vendor management, and vendor selection processes

- Developing processes to cease, prevent or mitigate adverse impacts when identified

Muskoka Algonquin Healthcare is revising all procurement policies and contractual documents to include additional language related to preventing and reducing the risk of forced or child labour being used by suppliers or in their supply chains. These changes coupled with ongoing end user education around these requirements and the associated risks will help in preventing or mitigating these adverse impacts.

Ongoing vendor management practices and due diligence in the selection and use of vendors in our supply chain activities will be implemented and enforced by the Procurement Department.

Identification of Risk

Muskoka Algonquin Healthcare has started the process of identifying risks, but there are still gaps in our assessments.

At this point there could potentially be risk of either forced labour or child labour risks related to the following aspects of the Healthcare supply chain:

Tier Three suppliers or suppliers further down the supply chain than tier three could pose a risk as a result of the locations of its activities, operations or factories and the raw materials or commodities used in its supply chains. Although the process of identifying risks along the supply chain is still in the beginning stages the lack of visibility to locations, factories, or raw material suppliers make it difficult to fully assess this risk.

Work will be ongoing to investigate these risks further. Open dialogue with our suppliers and cooperative plans for remediation or resolution will be required.

We will continue to strive to identify emerging risks.

Remediation Measures

At this time, Muskoka Algonquin Healthcare has not identified any forced labour or child labour in our activities and supply chains. We have not taken any remediation measures at this time.

As there have been no measures taken to correct inappropriate activities in our purchasing and supply chains, there has been no need to remediate the loss of income to vulnerable families that results from the measures taken to eliminate the use of forced labour or child labour.

Training

Muskoka Algonquin Healthcare is in the process of providing training to employees on forced labour and/or child labour. Training is mandatory for employees within the Procurement Department who are responsible for making contracting or purchasing decisions. Awareness

and risk management training is provided to the Leadership Team at Muskoka Algonquin Healthcare.

Conclusion

Muskoka Algonquin Healthcare is committed to respecting human rights and ensuring our supply chain is free from forced labour and child labour. Setting up a regular review of our procurement policies as they relate to forced labour and child labour will assist us in assessing the ongoing effectiveness of our program. Reliance on the use of well-established contracted vendors and the partnerships with our shared Services Organization and Group Purchasing Organization partners will help ensure that vendors are held accountable and are compliant with all laws and regulations.