



150 Signet Drive  
Toronto, ON M9L 1T9  
1-800-268-4623 |  
[ethics.compliance@apotex.com](mailto:ethics.compliance@apotex.com)

# Fighting Forced Labour & Child Labour in Supply Chains Act

## I. Scope of Report

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This report is dated May 28, 2024, and applies to Apotex Inc. ("Apotex").

This report is issued pursuant to the *Fighting Forced Labour and Child Labour in Supply Chains Act* ("Canada's Modern Slavery Act") on the steps Apotex has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

## II. Organizational Structure

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Apotex is a Canadian-based global health company with approximately 6,500 employees worldwide (~4,000 Canadian employees). Apotex is a corporation, registered and headquartered in Toronto, Ontario, Canada.

### A. Activities

Apotex manufactures, distributes and markets generic, biosimilar and brand-name pharmaceutical products and manufactures Active Pharmaceutical Ingredients (APIs) for Apotex as well as third parties. Apotex has sales in approximately 75 countries and territories, and our global footprint includes presence in the US (~150 employees), Mexico (~1,000 employees), India (~1,500 employees), and includes a network of distributors and strategic alliances.

### B. Supply Chain

Apotex procures APIs and other raw materials, packaging components, finished pharmaceutical products, and logistics from domestic and international suppliers and partners with suppliers for manufacturing, and R&D activities in its supply chain. Apotex works with more than 493 direct raw material and packaging suppliers in over 27 countries, encompassing suppliers of all sizes, from small organizations through to global multi-nationals. Our largest procurement categories in fiscal year 2024 were direct suppliers and our main countries of supply were Canada, USA, China, India and Mexico.



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### III. Policies and Due Diligence Processes

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#### A. Governance and Policy Framework

Apotex has adopted a series of core policies that communicate our position on forced labour and child labour, which explicitly prohibit their use in our operations and supply chains.

All Apotex employees are required to comply with the Apotex Code of Conduct and Business Ethics policy which outlines Apotex's policies on Human Rights and Employment Law, including our commitment to the Ethical Trading Initiative (ETI) Base Code (i.e., provisions on freely chosen employment, freedom of association, living wages, working hours, discrimination, child labour, and working conditions).

All suppliers, vendors, contractors, consultants, agents and other providers of goods and services with whom we do business are expected to comply with the Apotex Global Supplier Code of Conduct (SCoC). The SCoC Code sets out the principles and expectations as to how suppliers that provide goods and services to Apotex, its subsidiaries or affiliates, are to conduct business with and deal with Apotex in the areas of safe working conditions, fair and respectful treatment of employees, environmental management, and ethical business practices. It is based on recognized international human rights standards, and it outlines the expectations Apotex has of suppliers on the prevention of modern slavery and human trafficking, labour practices, health and safety, ethics business practices, including anti-corruption, product quality, data privacy, respecting the environment, and supply chain transparency and sustainability. In this past fiscal year, Apotex initiated a communications campaign informing our suppliers of the expectation that they follow the SCoC. 5,255 suppliers in our supply chain were sent an email communication with receipt confirmed for 90.2%. Apotex is actively seeking attestation to the SCoC from a subset of 200 suppliers considered top tier by direct spend and industry.

#### B. Internal Responsibility

Apotex's Board, through its Audit Committee, and Executive Leadership Team play an essential role in guiding our approach to sustainability, including on issues related to the prevention of forced labour and child labour. Apotex has established a cross-functional ESG team, which is responsible for implementing our human rights commitments, including in relation to child labour and forced labour. This team is led by the Chief Legal Officer, who is a member of the Executive Leadership Team and delegates responsibility for ESG issues that are considered material as part of the ESG program such as: climate and GHG emissions, supply chain management (including responsible sourcing), and human capital (e.g., workplace diversity, equity, and inclusion; workplace safety). This team ensures Apotex's expectations are communicated to employees and suppliers. It is also responsible for



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ensuring that relevant staff who select and interact with suppliers, including procurement teams, contract managers and purchasing staff, receive training on how to identify, prevent and address risks of forced labour and child labour in the supply chain. This team also manages the responses to customer ethical sourcing audit requests and ESG related questionnaires.

### C. Supplier Vetting

Apotex has plans to establish a supplier qualification program in the current fiscal year that will include screening new suppliers against requirements on forced labour and child labour. Suppliers in higher-risk countries or categories are subjected to greater scrutiny, including due diligence screening for risks of corruption, sanctions, and modern slavery.

### D. Contractual Clauses

Our direct supplier contract template includes a clause related to the SCoC which states “Apotex expects every Supplier to comply with and align their behaviours to the standards outlined in Apotex’s Global Supplier Code of Conduct (“Supplier Code”)”. In the current fiscal year, Apotex plans to incorporate relevant ethical clauses, including compliance with the SCoC, into our purchase orders.

### E. Grievance Mechanism

Apotex has established a grievance mechanism called APOspeaks that enables any internal or external interested party (affected persons or whistleblowers) to report concerns of forced and child labour issues, without fear of retribution. Grievances can be filed online or by phone through an independent third-party service available 24/7, in multiple languages, and with anonymous reporting options. Complaints can also be raised with the Global Business Ethics and Compliance Officer, Global Legal or Global Human Resources. Our process helps ensure that complaints are swiftly received, risk-assessed, prioritized, investigated, and resolved. APOspeaks is communicated regularly to Apotex employees via on-line campaigns and posters and is prominently displayed in the Apotex Code of Conduct and Business Ethics, SCoC, as well as internal and external Apotex websites.

## I. **Forced Labour and Child Labour Risks**

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The parts of the Apotex business and supply chains that carry of forced labour or child labour being used include both suppliers in certain countries, such as China, India, and Mexico, and suppliers in certain industries, such as raw materials sourcing, packaging component manufacturing, R&D, and finished goods suppliers.



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## A. Risk Assessment

The risk of forced labour or child labour in supply chains is dynamic, complex, and often hidden; therefore, Apotex has prioritized efforts that give visibility into our supply chain to identify susceptibilities and work with our business partners to address those risks. Apotex has partnered with Assent Inc. ("Assent"), a third-party service provider, to review our supply chain and identifying risks of forced labour or child labour. Working with Assent, Apotex conducted a risk evaluation to gauge suppliers' susceptibility to child labour or forced labour within their operations and supply chains. Apotex used a risk-based strategy that prioritizes the parts of our supply chain that pose elevated risks for links to, or involvement in, forced labour or child labour. The risk assessment consists of two key components:

### 1. Direct Engagement With Suppliers

Leveraging the industry-standard Slavery and Trafficking Risk Assessment Tool (STRT) built into the Assent platform, Apotex engaged approximately 200 suppliers during the reporting year. These suppliers were prioritized based on Apotex spend (>80% of spend in the preceding 24 months) and industry.

Using the Assent platform, Apotex surveyed these suppliers on their operational environments, policies, procedures, and practices, as well as the measures they have in place to detect, prevent, and address the risk of forced labour and child labour. Information on the types of materials and goods produced, the geographic location of production and/or sourcing, as well as labour practices is being collected. The information received will give us insight into risk factors and matters of concerns such as the use of migrant or underaged workers, use of recruitment agencies, payment of recruitment fees and withholding of workers' documents, all of which are indicators of forced labour and child labour. Additional information on the existence or otherwise of worker verification processes, forced labour or child labour risk control mechanisms, and due diligence processes for managing such risks in their operations and supply chains is also being collected.

This ongoing supplier engagement will facilitate the evaluation of suppliers' policies addressing forced labour or child labour, as well as identify protective measures supporting their workforce. Additional inquiries within the STRT will help assess each supplier's level of due diligence in managing these risks, addressing issues, or taking corrective actions.

Once the collection of information is completed, Assent will evaluate the quality of each supplier's response and assign a risk score based on the supplier's inherent risk for forced labour or child labour, as well as their risk control practices. This will enable us to "segment" suppliers as high, medium, or low risk, and to take appropriate actions for each category of risk. The Assent platform enables us to



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track responsiveness to the survey, and subsequently to reach out to non-responders personally via our procurement category managers.

## 2. Ongoing Indirect Monitoring of Suppliers

In addition to the direct engagement with our suppliers to assess risk, we screened the same set of suppliers against a variety of publicly available information, ranging from social media posts to Non-Governmental Organization (NGO) and academic reports, government sanctions lists, denied parties lists, adverse media and other reports to give us insight into possible risks of Modern Slavery in certain suppliers. In addition, the same screening was performed on all Chinese suppliers in our supply chain, regardless of spend.

## II. Remediation Measures

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During this current fiscal year, Apotex will advance to the remediation measures of our due diligence program for suppliers with indications of risks, such as non-existent or weak forced labour or child labour management systems and policies. The remediation will enable us to work with suppliers to address issues identified within a set timeframe, depending on the type and severity of the non-compliance. The process will be facilitated by Assent, who also monitors suppliers' progress on the actions assigned, ensuring that we can keep track of progress and make decisions as to next steps for those suppliers who do not satisfactorily implement assigned actions.

In the event of any findings of forced labour or child labour, Apotex will take immediate action to remediate the situation.

During the reporting year, we did not identify any actual cases of forced labour or child labour in our direct supply chain.

## III. Measures to Remediate Loss of Income

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During the reporting year, Apotex did not identify any actual cases of forced labour or child labour; therefore, we did not take any steps that led to loss of income to vulnerable families.

## IV. Training and Capacity Building

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Annually, Apotex employees receive training on the Apotex Code of Conduct and Business Ethics, which includes provisions for the prevention of forced labour or child labour. In addition, Apotex released a company-wide communication entitled, "What is Modern Slavery?" to further educate employees on our standards and expectations with respect to the prevention of forced labour or child



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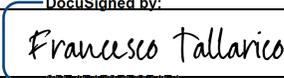
labour, including the SCoC, supplier due diligence and use of standard contract clauses. Procurement category leads received training from our ESG consultant, ERM, on Bill S-211 as well as on the use of the Assent platform to survey and assess for Modern Slavery risk in our supply chain. Apotex plans to increase our suppliers' capacity to recognize and mitigate forced or child labour by providing them with access to training materials from the Assent supplier engagement platform.

#### IV. Assessing effectiveness

Apotex plans to enhance processes for assessing the effectiveness of the initiatives detailed in this report. Currently, Apotex tracks the performance via the monitoring of our grievance mechanism and has undergone customer ethical sourcing audits via independent third-party auditors. Apotex has partnered with Assent to perform ongoing screening and evaluations of our suppliers and will track corrective actions through this platform.

#### V. Approval and Attestation

Pursuant to section 11(4)(a) [or subparagraph (b)(i) or subparagraph (b)(ii)], this report has been approved by Apotex Inc.'s Board of Directors on behalf of Apotex and signed by Apotex's Chief Legal Officer.

<b>Name:</b> Francesco Tallarico	<b>Signature:</b> 
<b>Title:</b> Chief Legal Officer, Apotex Inc.	<b>Date:</b> 5/28/2024