

**Bill S-211, Fighting Against Forced Labour and Child Labour in Supply Chains Act:**  
**VetCare Joint Report**

**Introduction**

This joint report prepared by VetCare Canada Holdings Inc. (business number 745212530), and its wholly-owned subsidiary, Arbutus Management Partners Incorporated (business number 803657782), both British Columbia companies (collectively referred to in this report as “VetCare” or “our” or “we”), marks VetCare’s inaugural report in accordance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”).

It details the measures undertaken in VetCare’s previous fiscal year ending December 31, 2023 to prevent and mitigate the risk of forced labour or child labour at any stage of the production and sale of goods in Canada or abroad, as well as in goods imported into Canada by those in VetCare’s supply chain.

VetCare recognizes its duty to combat forced and child labor and is dedicated to acting with ethical standards, integrity, and transparency. We are in the process of establishing robust systems and controls to ensure that no form of forced or child labor occurs within our operations or supply chain.

**Structure, activities and supply chains**

VetCare Canada Holdings Inc. and its affiliated entities (collectively referred to in this report as “VetCare”) own and operate 48 veterinary clinics throughout Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Ontario, and Quebec. VetCare primarily provides companion animal veterinary medical services to clients, but it also sells some products to its clients (e.g. prescription medicine, prescription food, treats, etc.). Product sales represent a relatively small portion of VetCare’s overall revenue when compared with revenue from services.

Substantially all of the products that VetCare purchases, whether for sale to clients, products consumed in the provision of veterinary medical services, or equipment, are sourced from 4 key regional veterinary purchasing groups (the “Purchasing Groups”). The Purchasing Groups act as wholesalers, or intermediaries, sourcing products from manufacturers and suppliers and reselling them to veterinary practices. Based on the information gathered to date, the vast majority of those products originate in Canada and the United States.

**Policies and due diligence processes**

VetCare is committed to maintaining the highest standards of ethical business practices and legal compliance. Our commitment to ethical practices is deeply rooted in our core values,

which guide us in fostering a culture of compassion, empathy, and excellence. These values and VetCare's expectations of its team members are reflected in VetCare's *Code of Conduct*, *Open Door Policy*, *Equal Employment Opportunity Policy*, *Occupational Health & Safety Policy*, and *Workplace Harassment & Workplace Violence Policy & Prevention Plan*, among others. While VetCare's policies do not currently explicitly address forced labour and child labour, they are non-exhaustive and provide a comprehensive foundation of guiding principles for team members to conduct themselves based on. Failure of VetCare's team members to comply with such policies may result in disciplinary measures, up to and including immediate termination of employment.

VetCare has team members located in Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Ontario, and Quebec, and complies with all applicable employment laws and standards. All team members are legally allowed to work in Canada and none are below the minimum age of employment. VetCare's operations do not include forced labour or child labour, and VetCare is committed to ensuring the same is true throughout its supply chain.

We have analyzed our supply chain and begun the process of implementing policies and procedures to ensure that our business practices are free from any form of exploitation. Given that most of our products are sourced from the Purchasing Groups, this first analysis with respect to the 2023 fiscal year has proven to be heavily reliant on information the Purchaser Groups have shared with us and steps they have taken to complete their own supply chain analyses.

All of the Purchasing Groups have confirmed to us their commitment to complying with the Act, including implementing processes and policies to identify areas of risk in their supply chains and amongst their suppliers. As the Act has come into force after completion of reporting entities' most recently completed fiscal years, the Purchasing Groups, like VetCare, are generally embarking on a supply chain analysis, specifically in the context of forced labour and child labour, for the first time. As such, information is limited and gathering it relies heavily on other actors within the supply chain having already undertaken their own analyses. We expect processes and policies to be established over the next fiscal year and the ability to gather information and report at that time to be significantly more robust.

We have also looked beyond the Purchaser Groups and directly contacted the top 10 suppliers from whom the products we order via the Purchasing Groups are sourced, which suppliers represent over 80% of our product purchases. We have asked for information regarding their compliance around forced labour and child labour, to varying degrees of success. Some were able to confirm their robust policies and compliance around forced labour and child labour, others were working on developing compliance schemes in light of the Act and several others have been non-responsive to our requests.

As a primary step over its next fiscal year, VetCare intends to carefully follow steps being taken by the Purchasing Groups and require them to regularly report on forced labour and child labour in their supply chains. As a secondary step, and to provide additional comfort and reduce reliance on reporting from the Purchasing Groups, VetCare will also require its top suppliers to report directly to VetCare on their own forced labour and child labour compliance each year.

### **Forced labour and child labour risks**

The risk of any direct involvement by VetCare with forced labour and child labour is minimal or non-existent, due to VetCare's adherence to applicable laws, especially those pertaining to the workplace, and management and oversight by its diligent team of professionals. We expect the same to be true of the Purchasing Groups and their immediate suppliers who are largely based in Canada and, to a lesser extent, the United States.

There is potential risk further up the supply chain as visibility and information about where suppliers source their materials is limited or not currently available.

What we do know for certain is that, similar to VetCare, all of the Purchaser Groups are in various stages of developing supplier compliance programs, including mandatory questionnaires and attestations, audits, and terminations for non-compliance.

### **Remediation measures**

As no instances of forced labour or child labour have been identified to date, no remediation measures are currently being taken.

### **Remediation of loss of income**

As no instances of forced labour or child labour have been identified to date, no remediation measures relating to loss of income are currently being taken.

### **Training**

As the Act came into force on January 1, 2024, VetCare has not undertaken any training in respect of the 2023 fiscal year. In 2024, VetCare intends to identify the key people at VetCare responsible for sourcing and purchasing goods and provide the necessary tools and training to ensure they can make ethical purchasing decisions and hold suppliers accountable.

### **Assessing effectiveness**

VetCare will closely monitor the actions of the Purchaser Groups and its top suppliers and assess their compliance with requirements imposed by VetCare. We will also review steps being taken by other players in the veterinary industry to identify best practices around

assessing the effectiveness of measures related to forced labour and child labour. VetCare will also regularly review its processes and policies around forced labour and child labour.

**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.



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*Signature (I have authority to bind VetCare)*

Name: Andrew Black

Title: Director

Date: May 31, 2024