



# Radion Laboratories Ltd.

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2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

May 31, 2024

# Table of Contents

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- Background ..... 3
- 1. Steps Taken by Entity ..... 4
- 2. Structure, Activities and Supply Chains ..... 5
- 3. Policies & Due Diligence..... 5
- 4. Risk Assessment ..... 5
- 5. Remediation - Forced & Child Labour..... 7
- 6. Remediation - Vulnerable Family Income Loss..... 7
- 7. Awareness Training..... 7
- 8. Ensuring Effectiveness of Processes ..... 8

# Background

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This report is made on behalf of Radion Laboratories Ltd. (“Radion”, “we”, “us” or “our”) pursuant to Section 11(1) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Bill S-211” or the “Act”) covering our most recently completed fiscal year from April 1, 2023 to March 31, 2024. This is the first version of the report submitted by Radion.

Forced labour can be found in almost every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide. Forced labour and child labour risks occur primarily through global supply chains of businesses. As such, there is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative labour practices are identified, addressed and eradicated from supply chains. Based on the Act, there are eight mandatory areas that must be reported:

1. The steps the entity 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.
2. Its structure, activities, and supply chain(s).
3. Its policies and due diligence processes in relation to forced labour and child labour.
4. The parts of its business(es) and supply chain(s) that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
5. Any measures taken to remediate any forced labour or child labour.
6. Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
7. The training provided to employees on forced labour and child labour.
8. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business(es) and supply chain(s).

# 1. Steps Taken by the Entity

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To address the requirements of Bill S-211, the following steps have been undertaken by Radion to identify and manage risks associated with forced labour and child labour in our businesses and supply chains:

## Step 1 - Assess Applicability

Our work commenced with a planning meeting involving Radion's accounting and supply chain departments and an independent consulting firm, where the applicability of the Act was thoroughly discussed, and initial activities such as identifying key board members, management, and personnel; obtaining necessary documentation and data; and developing a draft timeline for the required analysis, and ultimately for report preparation were completed.

## Step 2 - Scope Identification

Management conducted an assessment and identified relevant business areas by analyzing Radion's financial statements and other data to understand transaction streams and accounts related to our supply chain. We documented Radion's business structure, related activities, and reviewed existing policies and processes that may be relevant to identifying risks and mitigations related to forced labour and child labour within our operations and supply chain.

## Step 3 - Risk Assessment

Management reviewed the supply chain data, analyzed suppliers, expenditures, and categories of goods across various jurisdictions, and conducted a preliminary analysis of significant suppliers in high-risk areas to assess relationships and financial flows. Following this, management prepared a comprehensive risk assessment categorizing potential exposure levels in Low, Medium, and High-risk categories with respect to forced or child labour. Factors that were considered in the risk assessment included the origin of goods, the category of goods, and significance of spend.

## Step 4 - Remediation and Action Plans

Based on the results of our initial risk assessment (please refer to Section 4 for details), two high-risk suppliers were identified. Correspondingly, the following remediation actions have been planned:

- 1) Radion will conduct due diligence procedures on these suppliers regarding exposure to forced labour and child labour, which may include but are not limited to supplier questionnaires, interviews, etc., if required.
- 2) Radion is developing a Supplier Code of Conduct for dealing with forced labour and child labour, which is expected to complete by July 31, 2024 and will be communicated with Radion's suppliers by March 31, 2025.
- 3) Radion will develop training programs in relation to Bill S211 and deliver training sessions to relevant individuals/groups by July 31, 2024.
- 4) Radion will perform annual assessment to identify high risk vendors and request vendors to complete

compliance checklist.

- 5) Radion will include specific clauses in new vendor agreements (and upon renewal of existing agreements) that require vendors to commit to international laws and regulations related to identifying and preventing forced or child labour in their supply chain activities.

## 2. Structure, Activities and Supply Chains

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The entity covered in this Bill S-211 report includes:

- Radion Laboratories Ltd.

In addition to Radion Laboratories Ltd., our company group also includes Christina Holdings Ltd., Mountain Integrated Medical Devices Inc., 7198 Progress Way Ltd. and Northwest Medical Group Ltd. However, these companies do not meet the conditions for Bill S-211. i.e., they are not involved in producing, selling or distributing goods, or importing goods into Canada. Hence, they are not considered reporting entities as defined by the Public Safety Canada Guide and thus excluded for further analysis.

Located in Delta, BC, Radion is engaged in distributing medical supplies and equipment manufactured within and outside Canada, such as surgical mask, tape, steam sterilizer, incubator, respirator, cardiology stethoscope, barrier cream and film, body blanket, label applicator, and other related products.

## 3. Policies & Due Diligence

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As a small business with less than 70 employees, Radion has certain supplier due diligence processes in place. However, currently Radion has not developed a formal written policy and due diligence procedure in relation to child labour and forced labour.

Radion is developing a Supplier Code of Conduct which includes a Procurement Policy and addresses risks of child labour and forced labor. This work is expected to complete by July 31, 2024 and Radion plans to circulate this Code of Conduct to its vendors prior to the end of FY25, i.e., March 31, 2025.

## 4. Risk Assessment

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To assess and manage the risks associated with forced and child labour, Radion employed a systematic approach to classify suppliers into low, medium, and high-risk categories. As noted previously, this involved evaluating a combination of factors, including the origin of goods, the category of goods, and significance of spend.

### **Origin of Goods**

The risk assessment of the origin of goods references, amongst other publicly available data, the US Department of Labour website (<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods/supply->

[chains](#)).

Close to 98% of Radion's suppliers are based in Canada and the United States, all of which are considered low-risk countries with respect to forced labour and child labour.

Three of Radion's suppliers are from other countries or territories, including Italy, the United Kingdom and Taiwan, which are considered low-risk countries or territories with respect to forced labour and child labour.

Two of Radion's suppliers are from China, which is considered a high-risk country with respect to forced labour and child labour.

### **Category of Goods**

Radion assessed the category(ies) of goods based on the following considerations:

- Health care products and Medical Supplies: According to the US Department of Labour,
  - o Electronics, Textiles, Cotton and Rubber products are designated as high risk.
  - o Gloves, Soap and Surgical Instruments are designated as medium risk.
  - o Other products are deemed low risk.

The risk assessment of the category of goods references the US Department of Labor website.

(<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>)

### **Spend**

Our spend analysis utilized thresholds based on characteristics of supplier purchases to assess the risk level associated with supply chain expenditures. This approach enables management to prioritize oversight and control, ensuring that higher-risk financial activities receive the appropriate level of scrutiny. Based on our analysis of spend characteristics and patterns, the current classification is:

- Expenditures that are equal to or less than 1% of the total annual supply chain spend are considered low risk.
- Expenditures that fall between 1% and 5% of the total annual supply chain spend are classified as medium risk.
- Expenditures that equal or exceed 5% of the total annual supply chain spend are deemed high risk.

### **Other factors**

Other factors considered for the risk assessment included, but were not limited to:

- Publicly Traded Company (Low Risk): These are publicly traded companies that are subjected to rigorous reporting standards and often with clear, published commitments to fair trade and employment practices, thus fostering greater transparency.
- Long-term Partner (Low Risk): Supplier with whom Radion has maintained a long-term relationship, consistently proving their commitment to ethical labour practices.

Based on our comprehensive risk assessment, management evaluated all suppliers of Radion. The assessment identified two suppliers who may pose a high risk of forced labour or child labour.

- A medical supply manufacturer based in China from whom Radion procures gloves (approx. 1% of Radion's annual supply chain spend).
- A health care products distributor from whom Radion procures various categories of health care products (approx. 4% of Radion's annual supply chain spend). Though based in Canada, it imports

goods manufactured in various countries into Canada. As of the date of this report, we do not have further information about the original sources of these goods so we consider this supplier may pose a high risk as well. We are gathering more information from this supplier about its measures or actions regarding exposure to forced labour and child labour.

## 5. Remediation - Forced & Child Labour

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As noted above, Radion identified two suppliers who may pose high risk of forced labour and child labour.

Radion will take the following actions to reduce the risk of forced labour and child labour:

1. For identified high-risk suppliers, Radion will conduct due diligence procedures regarding exposure to forced labour and child labour, which may include but are not limited to supplier questionnaires, interviews, etc., if required.
2. Radion is developing a supplier code of conduct for dealing with forced labour and child labour.
3. Radion will develop training programs and deliver training sessions to relevant individuals/groups. The first such training will be delivered in July 2024 to members of our purchasing, finance and executive teams and Radion owners.
4. Radion will perform annual assessment to identify high risk vendors and request vendors to complete compliance checklist.
5. Radion will include specific clauses in new vendor agreements (and upon renewal of existing agreements) that require vendors to commit to international laws and regulations related to identifying and preventing forced or child labour in their supply chain activities.

As of the date of this report, no instance of forced labour or child labour has been noted / reported in Radion's supply chain. Radion will closely monitor our supply chain to prevent and detect such risks. If any instance of forced labour or child labour is noted, Radion is committed to promptly address such a situation by entering into discussions with the relevant party, investigating the facts and circumstances, developing required corrective actions with the supplier and ensuring such corrective actions are fully implemented.

## 6. Remediation - Vulnerable Family Income Loss

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There have been no instances identified by Radion of forced labour or child labour within the fiscal year of 2023. As such, remediation of lost income does not apply.

## 7. Awareness Training

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Radion will develop training programs on identifying, assessing, and responding to the risks associated with child labour and forced labour within Radion's operations and supply chains. The first such training will be delivered in July 2024.

# 8. Ensuring Effectiveness of Processes

On May 31, 2024, Radion completed and reported our initial assessment in response to Bill S-211. We are committed to ongoing reviews of our relevant processes, policies, and practices, including the assessment of Radion’s suppliers. This commitment is aimed at aligning with industry leading practices and mitigating the risks, if any are identified, related to forced labour and child labour.

**Policies and Procedures**

Once relevant policies and procedures related to forced labour and child labour (e.g., Supplier Code of Conduct) are developed, an annual review of such policies and procedures will be conducted to further strengthen them, and reduce the risk within our activities and supply chains now and into the future.

**Supplier Activities**

Supplier Agreements: Radion has identified the opportunity to implement a clause within new supplier agreements clearly stating our zero-tolerance for child labour and forced labour.

Supplier Monitoring: High-risk suppliers that are identified through our ongoing risk assessment will be monitored on an annual basis.

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.

I have the authority to bind Radion Laboratories Ltd. This report covers financial year 2023 and applies to Radion Laboratories Ltd. in terms of the Act.

Ted Bowers	<i>Ted Bowers</i>
<b>Full Name</b>	<b>Signature</b>
President	September 26, 2024
<b>Title</b>	<b>Date</b>