



Fighting Against Forced Labour and Child Labour in Supply Chains Report

FISCAL YEAR 2024

About this report

This report is produced by Tecsys Inc. (together with its subsidiaries, “Tecsys” or the “Company” or “our” or “we”) for the financial year ending April 30, 2024 (the “Reporting Period”) and sets out the steps taken 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 or of goods imported into Canada by the Company. This constitutes the first report prepared by Tecsys and its subsidiaries, pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

Measures to prevent and reduce the risks of forced labour and child labour

Tecsys is committed to conducting business ethically and lawfully and believes that the human rights of individuals throughout its operations and supply chains must be respected.

In general terms, Tecsys took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

- Reviewed its Code of Conduct, ensuring it aligns with the Company’s commitment to lawful and ethical practices.
- Reviewed its whistleblower policy, ensuring it provides clear and accessible channels for reporting any known or suspected violations of the Code of Conduct.

Details of the above items are set out in this report.

Structures, activities and supply chains

Structure

Tecsys is a Canadian company that was incorporated under the Canada Business Corporations Act in 1983. Headquartered in Montreal, Quebec, Tecsys' common shares trade under the symbol TCS on the Toronto Stock Exchange (TSX). Tecsys employs over 700 individuals, with most of its workforce based in Canada and the United States. Tecsys also has employees in Denmark and the United Kingdom.

Tecsys is a global provider of cloud-based supply chain solutions. The Company's principal business activity is the development, marketing and sale of enterprise-wide supply chain management software for distribution, warehousing, transportation logistics, point-of-use and order management.

Activities

The Company sells its software primarily on a subscription basis as Software as a Service and on a perpetual license basis with recurring support. The Company also provides related consulting, education and support services. Tecsys derives most of its revenue from customers located in the United States, Canada and Europe. The Company's customers consist primarily of healthcare systems, services parts, third-party logistics, retail and general wholesale high volume distribution industries.

Supply chains

As a provider of software and professional implementation services, Tecsys supply chain is limited largely to hardware and software. As a result, Tecsys' supply chain is primarily composed of the following streams:

- Third-party service providers, professional services and third-party software vendors ("Third-Party Vendors").
- Hardware products that are sold to customers as part of Tecsys' suite of product offerings. For instance, Tecsys offers third-party hardware products such as high-density storage, RFID cabinets, scanners and printers as supporting technologies. Tecsys also offers proprietary technology products such as RFID panels and portals that allow health systems to track medical products within hospital and warehouse settings.

The risks related to these supply chain streams are discussed further below.

Policies and due diligence processes

Code of Conduct

Our Code of Conduct establishes the values and expectations that underpin Tecsys' ethical approach to business. The Code of Conduct applies to all directors, officers, and employees of the Company. While the Code of Conduct does not directly discuss the issues of forced and child labour, it affirms the Company's commitment to ensuring everyone working on behalf of Tecsys adheres to the highest ethical standards. The Code of Conduct details the standard of behaviour expected from all employees by addressing ethical conduct in our work environment, business practices and relationships with external stakeholders. Further, the Code of Conduct addresses matters such as conflicts of interest, protection and recording of corporate assets, confidentiality of corporate information, compliance with laws (which would include applicable laws related to forced and child labour, such as employment laws in relevant jurisdictions and import prohibitions on goods made in whole or in part with forced or child labour), and reporting of any known or suspected violation of the Code of Conduct. All employees at Tecsys have a duty to report any known or suspected violations of the Code of Conduct or any applicable laws, rules or regulations.

All new employees undergo certification on the Code of Conduct when they join Tecsys. The Code of Conduct is reviewed annually by the Board of Directors.

Whistleblower Policy

While our Whistleblower Policy does not directly address the issues of forced and child labour, it protects individuals who put forth complaints and concerns regarding violations of Tecsys' policies and of any applicable law, rule or regulation. As per our Whistleblower Policy (reviewed annually by the Board of Directors), Tecsys will not permit any form of retaliation against individuals that have truthfully and in good faith reported the known or suspected violations of Tecsys' policies and of any applicable law, rule or regulation.

Human Resources

Tecsys is committed to providing a workplace environment that values and respects the inherent worth and dignity of each individual employee. Our human resources policies promote the protection of our employees while fostering quality, diversity, and inclusion. Although these policies do not explicitly address the topic of forced labour or child labour, they reaffirm Tecsys' commitment to the health and safety of our employees in the workplace and acknowledge the inherent worth and dignity of individuals.

Due diligence process

Currently, Tecsys does not have dedicated due diligence processes specifically targeting the issues of forced labour and child labour within its operations and supply chains. However, we remain committed to upholding ethical business practices to the highest standards as outlined in our internal Code of Conduct. Our employees are expected to adhere to this Code, which emphasizes the importance of lawful and ethical behavior. Should any employee become aware of forced labour or child labour practices among our suppliers or vendors, they have a duty to report these concerns promptly to the Company. Tecsys takes such reports seriously and will take appropriate action to address any unlawful and unethical behavior.

Determining the risk of forced labour or child labour

Risk within Tecsys' workforce and operations

Tecsys considers the overall risk of forced labour and child labour within its internal operations and among our personnel to be negligible. Our human resources policies, recruitment and onboarding practices help mitigate the risk of forced labour and child labour in our workforce. As mentioned previously, we have human resources policies that promote the health and safety of our employees in the workplace, which reduces the risk of forced labour.

Risk within Tecsys' supply chains

Given the nature of its business and industry, Tecsys considers its third-party vendors to pose a low risk of forced labour or child labor. The majority of those vendors are based in Canada or the United States, where the labour environment is generally well-regulated and governed by stringent labor laws and standards.

Tecsys relies on third parties to manufacture and/or supply hardware products. These third parties operate in various countries, including Canada, the United States, and Europe. While many of these products come from regions with well-regulated labour environments, the inherent complexity of global supply chains presents challenges due to reduced visibility into the operations of sub-suppliers and sub-contractors several levels down the supply chain. This reduced visibility can increase the risk of forced labour or child labour practices.

Managing the risk of forced labour or child labour

Tecsys currently does not have additional diligence measures that specifically address the risk arising from reduced visibility in the supply chain for hardware products.

Tecsys is starting to take steps to enhance internal communications and policies to create greater awareness among its employees about the potential issues of forced labour and child labour within our supply chains.

Contractual clauses – Consulting services

Tecsys' standard consulting services agreements include clauses that require the service provider to comply with applicable laws and to indemnify Tecsys for noncompliance. While the clauses do not specifically address forced labour or child labour, they discuss compliance with laws that arise out from but are not limited to the Charter of Human Rights and Freedoms, Pay Equity Act and Labour Code.

Training

Tecsys does not currently provide training to employees on forced labour and/or child labour. All new employees must certify that they have read and understood Tecsys' Code of Conduct (described previously in this report). While the Code of Conduct does not directly address the issues of forced labour and child labour, it affirms our commitment to ensuring everyone working on behalf of Tecsys adheres to the highest ethical standards.

Remediation measures

In the last financial year, Tecsys has not identified any forced labour or child labour in its business or supply chain, nor have we identified any loss of income to the most vulnerable families that resulted from any measures taken to eliminate the use of forced labour or child labour in our activities. As a result, we have not taken any measures to remediate any forced labour or child labour or to remediate any loss of income to vulnerable families.

Assessing effectiveness

As described in this report, Tecsys has certain measures and policies to prevent and reduce the risk of forced labor and child labour. However, to date, no actions have been taken to assess the effectiveness of these measures.

Approval and attestation

This report has been approved by the Board of Directors of Tecsys Inc. in accordance with section 11(4)(a) of the Act.

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. 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 authority to bind Tecsys Inc.



Peter Brereton

Director, President and Chief Executive Officer

On behalf of the Board of Directors of Tecsys Inc.

May 24, 2024