



2022

Environmental Social Governance Report

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CEO Message

An aging population, ballooning healthcare costs and the ongoing threat of COVID-19 are but a few of the many challenges that the Canadian healthcare sector continues to face. At CareRx, we believe that it is incumbent on healthcare providers in the private sector to address these challenges and to be stewards of change. Developing a robust and sustainable ESG strategy to improve the lives of those around us is critical to our stakeholders, team members and the communities that we serve.

We are excited to share CareRx's inaugural ESG report, delivering on our commitment to transparently report on our ESG practices and principles. Our ESG initiatives underscore our commitment to deliver the highest standards of care to our home partners and their residents and are deeply embedded in our core values and corporate identity.

Our mission - to enhance the health of Canadians with unique or complex medication needs - goes well beyond the delivery of pharmacy services. This was never more apparent than in 2021 when our home partners faced unprecedented challenges. In response to COVID-19, we procured personal protective equipment (PPE) for our home partners when it was in short supply and helped them manage outbreaks at long-term care

homes during severe staffing shortages. When roads in British Columbia became impassable from historic flooding, we chartered a helicopter to ensure the timely delivery of medications to residents. When a fire broke out at two Alberta seniors' residences, our team worked throughout the night alongside nurses to set up an emergency medication room and ensure all prescriptions were expeditiously filled. These were not planned initiatives, but rather grassroots responses from our team members with an intrinsic desire to help those in need under any circumstance.

While this may be our first ESG report, the reality is that ESG initiatives have long been an important part of our identity and are reflected in our core values of Collaboration, Accountability, Responsiveness and Excellence. We are proud of what we have achieved to date and look forward to continuing to be held accountable as we strive to improve our ESG program every year. We look forward to updating you on our progress.



David Murphy
President and Chief Executive Officer
CareRx Corporation



OUR CARE VALUES



Collaboration

- We recognize and draw upon the individual strengths of our team members
- We tear down silos and prioritize common goals
- We promote diversity and build trusting relationships
- We listen actively and challenge each other with respect and support



Accountability

- We own our commitments and deliver outstanding results
- We act with integrity and communicate with clarity and candor
- We are driven by a passion that compels us to exceed expectations
- We embrace feedback to improve our performance



Responsiveness

- We listen and act with a sense of urgency to meet the needs of our clients and colleagues
- We are proactive, service-oriented and focused on solutions
- We reply to communication and meet deadlines in a timely and professional manner



Excellence

- We hold ourselves and our colleagues to the highest standards of quality and performance
- We execute with discipline and attention to detail
- We relentlessly seek perfection through incremental improvement and challenging the status quo

ESG Pillars



Environmental

We are focused on protecting the environment around us by reducing our carbon footprint, adopting energy-efficient technologies, and diverting waste from our landfills.



Social

We are committed to improving the quality of care and experience of the residents that we serve, meaningfully engaging with our employees, and promoting the highest levels of health and safety throughout our operations.



Governance

We strive to maintain the highest standards of business ethics through our diverse leadership team and robust corporate governance practices.

Social



Health and Safety

As a pharmacy that dispenses more than 3.1 million prescriptions per month, minimizing medication errors is of critical importance. We use state-of-the-art technologies and have robust processes and procedures in place to ensure the highest level of safety and adherence for individuals with complex medication regimens.

Product Quality and Safety

Specialized Medication Pouch Packaging Technology

CareRx uses specialized high-volume robotic packaging and optical verification technology to create compliance medication pouches with a unique barcode for each resident. The contents of each medication pouch are automatically inspected for pill quantity, colour, size and shape, thereby reducing the frequency of medication errors and improving resident safety.

Medication Safety Technology (MST) Program

CareRx works with our long-term care home partners in implementing technologies under Ontario's MST program that promotes the safe handling of prescription information, drug supply security and the administration of medications, as well as the rigorous training of staff on the use of these technologies.

Quality of Care

Medication Incident Management Tools

CareRx provides an online medication incident management platform for the transparent documentation of adverse medication incidents and root cause analysis in order to promote a culture of continuous quality and safety improvement.

Oversight by Geriatric-Certified Pharmacists (GCPs):

CareRx provides oversight of residents' medication therapy through geriatric-certified clinical pharmacists who are specifically trained to address the complex medication needs of seniors living in long-term care and retirement settings. Our GCPs have the advanced knowledge of pharmacodynamics and pharmacokinetics in older adults to optimize therapeutic outcomes. The GCPs have the experience to focus on the special needs of older residents who may have concurrent illnesses taking multiple medications and are well-versed to resolve complex medication-related issues that arise in the geriatric patient population.

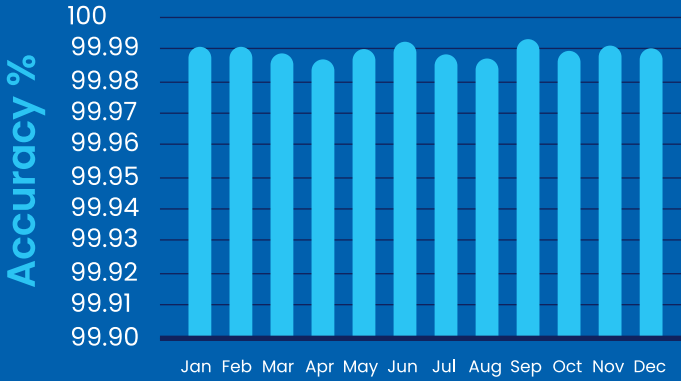




Geriatric-Certified Pharmacists have the experience to focus on the special needs of older residents who may have concurrent illnesses taking multiple medications

Pharmacy Accuracy Rates

99.99%



2021



- Pharmacy Origin Incident Analysis included within our quarterly presentation to the CareRx Board of Directors
- Quality analytics framework enable provision of aggregated, multi-incident analysis outputs to our pharmacy management and quality teams

Drug Supply Chain Integrity

CareRx’s principal pharmaceutical supplier is a large multinational corporation with robust internal controls that ensure supply chain integrity. Our pharmaceutical supplier has a strong Responsible Sourcing Program that provides a framework that holds international private-label suppliers to an auditable set of expectations to ensure compliance with applicable laws along with adherence to strict principles to protect workers, prepare for emergencies and protect the environment. These principles include business integrity, anti-child labour and the protection of human rights.

Management of Controlled Substances

CareRx promotes the use of Automated Dispensing Cabinets (ADCs) to ensure that our home partners have a secure and tamper-resistant stock of medications on hand. By tracking what medications are inside each ADC and utilizing built-in access and dispensing logs, ADCs ensure the safe dispensing of medications at the point of care and help prevent theft and diversion of controlled medication.



Employee Experience

At CareRx, our employees come first. Fostering a safe and respectful work environment that promotes personal and professional development is at the heart of our employee engagement experience.

Employee Health and Safety

Employee Assistance Program

CareRx has an Employee Assistance Program that utilizes an independent firm to provide employees and their families with assistance in managing work, mental health and other challenges. CareRx employees are made aware of the Employee Assistance Program at the time of onboarding and on an ongoing basis.

Confidential Reporting System

CareRx maintains a confidential reporting system is administered by an independent third party, where employees can anonymously report breaches of CareRx policies or wrongdoing in the workplace.

Health and Safety Committees

CareRx has local health and safety committees at each of our pharmacies. Committee members meet on a regular basis to promote safe working conditions and policies and ensure the highest standards of health and safety training for staff.

Health and Wellness Initiatives

CareRx has implemented a variety of programs to promote the health and wellness of our employees, including those that support Mental Health Week, LGBTQ+ initiatives, cancer awareness and National Day for Truth and Reconciliation. We also routinely hold events that celebrate the ethnic and religious diversity of our team members.

PPE and Mandatory Vaccination Policy

In 2021, CareRx procured personal protective equipment (including N95 masks) and rapid tests for our pharmacy staff, implemented enhanced safety and training protocols and adopted a mandatory vaccination policy in order to protect our employees against COVID-19. We continue to respond to public health guidance and our customers' requirements to ensure the health and safety of our employees, customers and our communities.



Employee Engagement Initiatives

Culture Committee

CareRx has established a culture committee comprised of culture champions from our various locations with a stated mandate to cultivate initiatives that reinforce our values, improve our employees' experience, and increase team connectivity and collaboration.

Dare to CARE Recognition Program

CareRx utilizes a peer nomination process to select monthly, quarterly, and annual award winners under our Dare to Care Program, which is designed to reward employees who consistently demonstrate our values. Award winners receive company-wide recognition and receive a financial reward to thank them for their efforts.

Town Hall Meetings

CareRx holds regular virtual town hall meetings for all employees to communicate updates on recent initiatives, recognize recent winners of our Dare to CARE program and provide a forum to ask questions directly to the CareRx executive team.

Annual Leadership Conferences

CareRx organizes an annual leadership conference where employees in leadership positions from across the organization gather for professional and personal development and discuss key topical issues to build consensus around our strategy.



Resident Experience

CareRx is improving the resident experience and promoting safety through several initiatives.

Around-the-Clock Care

CareRx provides 24/7/365 on-call pharmacist support to assess urgent health concerns and dispense emergency medications to residents.

Resident Compassionate Medication Program

CareRx has adopted a resident compassionate medication program to waive co-payments and/or reduce the price on medications for low-income residents to ensure continuity of care.

De-Prescribing Initiatives

CareRx employs deprescribing initiatives to help reduce the number of overall medications and antipsychotics taken by residents in long-term care homes, many who take between 8-12 medications daily.

Hogan Model

Through the pending acquisition of Hogan Pharmacy Partners, CareRx will offer the “Hogan Model” to home partners. This award-winning, innovative medication management model is centered around a closed-loop medication system that includes the use of integrated automated dispensing cabinets, pharmacist-led medication reconciliation and a proprietary technology platform. The Hogan Model has been shown to significantly reduce medication errors, free up nursing time to focus on direct resident care, and significantly reduce the time of administration of first doses of medications in transfers of care.

Opioid Agonist Therapy (OAT)

CareRx supports our home partners in implementing OAT, which reduces resident dependency on opioid drugs such as heroin, oxycodone, hydromorphone, and fentanyl.





Revicare™

Through our Revicare brand, CareRx offers an assortment of medical supplies, including incontinence products, nutritional supplements, wound care products and other general medical supplies, providing added convenience to residents who are already receiving their medications from CareRx.

Virtual Healthcare

CareRx has partnered with Think Research Corporation (TSX: THINK) to deliver virtual healthcare to seniors, providing convenient and timely access to physicians from the safety and comfort of their residence. The platform also integrates the seamless delivery of prescription medications.

CareRx provides 24/7/365 on-call pharmacist support to assess urgent health concerns and dispense emergency medications to residents





Karie™ Device

CareRx has established a strategic partnership with AceAge Inc. and is currently piloting AceAge's automated smart pill companion, Karie. Designed for seniors taking multiple medications, without full-time care, Karie is an innovative device that promotes independence and medication adherence.



BOOMR™ Program

CareRx continues to expand its award-winning, pharmacist-led medication reconciliation program to ensure safety and efficiency for seniors transitioning into long-term care and retirement homes.

The background features a complex, abstract composition of overlapping geometric shapes and icons in various shades of blue and white. The shapes include circles, squares, and semi-circles, some of which contain icons such as checkmarks, a microscope, and a magnifying glass. The overall aesthetic is clean, modern, and professional, suggesting themes of science, technology, and governance.

Governance

Diversity, Equity and Inclusion

CareRx is committed to ensuring diversity and inclusion at all levels of our organization. We understand that individuals with different backgrounds and lived experiences contribute varied perspectives to our organization, which is critical for continued innovation.

Equal Opportunity Employer

We are an equal opportunity employer and have zero tolerance for discrimination and harassment of any kind based on any prohibited ground. This applies to all employment practices within the organization and is codified in our *Code of Conduct* and our *Respect in the Workplace Policy*.

Diverse Leadership Team

We have a diverse leadership team that is deeply committed to good governance. Three of our seven executive team members (43%) are women or Black, Indigenous and People of Colour (BIPOC) and 52% of our extended leadership team identify as women or BIPOC.



**43% Woman or BIPOC
Executive Team**



**52% Women or BIPOC
Extended Leadership Team**



Data Privacy and Security

CareRx has implemented a robust system of internal controls and processes to help protect the privacy of residents' personal health information and to ensure the security of our IT systems.



Cybersecurity

CareRx utilizes leading technologies to protect the integrity of our IT systems. These include: (a) Secure firewalls to prevent unauthorized access to CareRx's systems; (b) Ongoing training of employees and testing to guard against phishing and other cyber attacks; (c) Encryption of removable electronic devices; and (d) Proactive monitoring of IT systems to quickly detect malware and any unauthorized access. To date, CareRx has not been the subject of any ransomware attacks or experienced any material financial losses relating to security breaches.

Privacy and Confidentiality

Through our comprehensive Privacy Policy and related resources, CareRx has established procedures and protocols to govern the collection, use and disclosure of personal information to protect the privacy of residents, employees, and other individuals with whom we interact. All privacy breaches are reported to our Chief Privacy Officer, who oversees an appropriate response.

Record Retention

CareRx's record retention policy sets out the prescribed time periods for which records are to be retained based on legislative requirements. When records are no longer needed, they are securely destroyed.

A copy of CareRx's Privacy Statement can be found at:

<https://www.carerx.ca/privacy-statement/>



Governance Framework

CareRx has in place a number of policies and programs to ensure a robust governance framework, each of which is reviewed and updated on an annual basis. These include:

Code of Conduct and Respect in the Workplace Policy

Outlines conduct that CareRx expects of our employees and highlights behaviours that we deem unacceptable. Employees are required to complete annual re-certification of the policies.

Whistleblower Policy

Provides employees with the ability to confidentially and anonymously report breaches of professional and ethical and requirements, fraud and any accounting irregularities.

Share Ownership Policy

Sets minimum share ownership requirements for directors to better align their interests with those of shareholders.

Insider Trading Policy

Provides rules to ensure that CareRx employees do not trade in CareRx's securities with material undisclosed information.

Clawback Policy

Allows CareRx to claw back equity incentive awards previously issued to participants where the conduct of the participant has caused material financial or reputational harm.

ERM Program

Actively identifies and tracks enterprise-based risks, which are reported on, and discussed with the Compensation, Governance and Nominating Committee of the Board on a quarterly basis.

A copy of select CareRx governance policies can be found at:
<https://www.carerx.ca/company-governance/>

The image features a dark blue background with a collage of light blue and white geometric shapes, including circles, squares, and triangles. Interspersed among these shapes are several environmental icons: a stylized tree with a white outline, a single leaf, and a circular symbol with a horizontal line through it. The word "Environmental" is written in a white, sans-serif font across the lower portion of the image.

Environmental



Energy Management and Carbon Emissions

CareRx is working towards lowering our environmental footprint to positively address climate change.

High-Volume Fulfillment Centres

CareRx opened our first state-of-the-art, high-volume fulfillment centre in Oakville, Ontario, in April 2022 that will consolidate multiple pharmacies into one site. CareRx intends to explore additional opportunities to consolidate existing pharmacy locations into centrally located, high-volume fulfillment centres, thereby helping to reduce our overall physical footprint.

LED Lighting

As CareRx opens new pharmacies and renovates existing ones, we continue to install energy-efficient LED lighting and look for opportunities to utilize other energy-efficient building materials.

Pharmacy Locations

CareRx strives to locate pharmacies in close proximity to our customers to help minimize greenhouse gas emissions when delivering medications.

Green Products

CareRx purchases green products where available and recycled paper products.

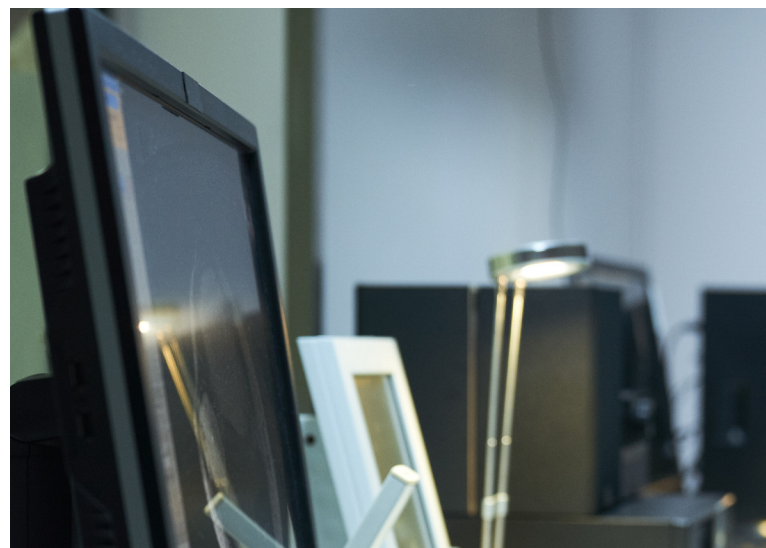
CareRx opened our first state-of-the-art, high-volume fulfillment centre in Oakville, Ontario, in April 2022

Online training and resources

CareRx provides online policy and procedure manuals, reports, drug references and training to our home partners to reduce paper consumption and our carbon footprint.

Satellite Pharmacies

CareRx utilizes a network of local satellite pharmacy partners across the country that are located near our home partners to efficiently deliver medications outside of regular business hours, thereby reducing the need to keep pharmacies open late.



Waste Management

Diverting waste and other hazardous material from landfills is a priority for CareRx.

Digital Technologies

CareRx deploys and supports a variety of digital technologies to reduce the use of paper, including the use of digital pens, tablets and electronic medication administration records (eMAR).

Weekly Medication Supply

CareRx generally supplies weekly medication strips to residents to reduce the number of deliveries and minimize medication waste.

Recycling Program

CareRx uses reusable totes and paper bags to deliver medications to homes.

Medication Packaging

CareRx minimizes the number of pouches by dispensing 3-4 types of medications per pouch. Non-oral dose solid medications are dispensed in the manufacturer packs whenever possible to minimize repackaging waste.

Medication Bottles

CareRx recycles all medication bottles within our pharmacy network.

Reverse Logistics

In markets where reverse logistics is allowed, CareRx promotes the use of reverse logistics to facilitate the return of materials to the pharmacy (including strip waste packaging return, drug destruction and disposal, sharps and other regulated medical waste). This practice leverages the return trip of the delivery vehicles and thereby eliminates the need to send an additional vehicle for the purpose of picking up these materials.

Records Retention

CareRx strives to store pharmacy records electronically in compliance with professional requirements, reducing the need for offsite document storage and related transportation costs.

Medication Disposal and Destruction

CareRx has robust policies and procedures in place to ensure the proper handling of cytotoxic materials and safe destruction of unused medications and needles, to prevent environmental contamination of landfills and protect our water supply from dangerous materials.



Policies

CareRx develops policies that mitigate environmental harm and support sustainable practices.

Cytotoxic and Hazardous Medication Handling Policy

Ensures the safe handling of hazardous and cytotoxic medications during transportation, dispensing, storage, administration, and disposal to minimize the risk of these medications and prevent accidental exposure to staff, residents, the environment, and visitors to homes. Spill kits are made available in all care areas where cytotoxic, hazardous, and reproductive risk medications are being stored or administered.

Controlled and Non-Controlled Medication Disposal and Destruction Policy

Ensures that nursing and pharmacy staff follow best practice processes to properly document the return and/or destruction of medications meeting both provincial and federal requirements. All medications are disposed of or destroyed in an environmentally safe manner, using an approved medical waste disposal service.

Medical Sharps, Syringes and Safety Needle Disposal Policy

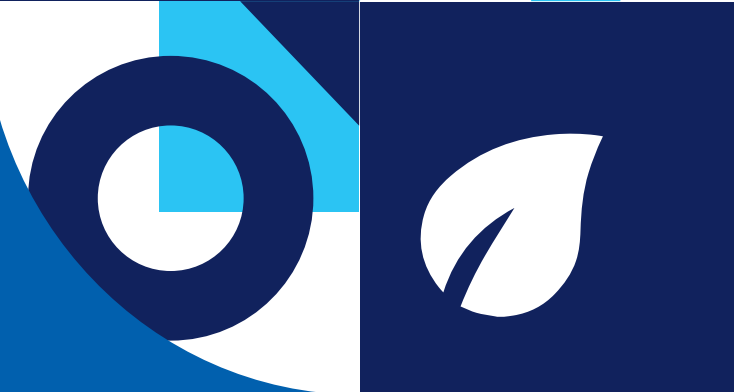
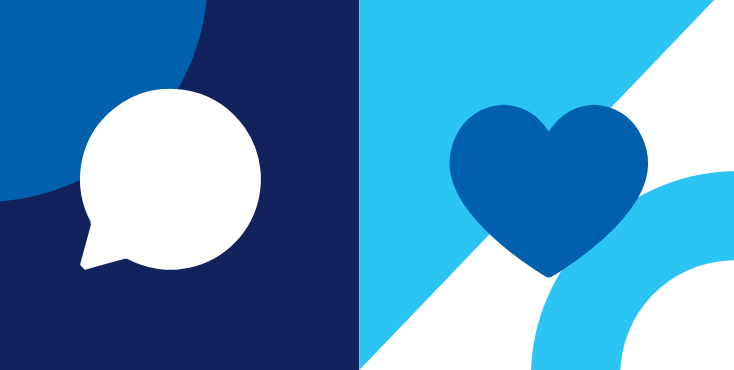
Ensures that the home disposes of safety needles, syringes and other sharp objects that have been used during the medication administration procedure, in accordance with accepted infection control practices (Occupational Health and Safety) and in a safe and environmentally acceptable manner.



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