

Modern Slavery Report 2023

Cambridge Isotope Laboratories, Inc.



This Modern Slavery Report (the “Report”) addresses the period from January 1, 2023 to December 31, 2023 and has been prepared in compliance with the [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#) (Canada)(the “Act”). This Report is made on behalf of Cambridge Isotope Laboratories, Inc. (“CIL”).

1. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading producer of stable isotopes and stable isotope-labeled compounds, CIL recognizes the important role that we have in ensuring that our operations and products, and the supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during Fiscal 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by CIL or of goods imported into Canada by CIL.

2. Our Business

CIL, headquartered in Tewksbury, MA, USA, is the world’s leading producer of stable isotopes and stable isotope-labeled compounds. CIL is part of the Otsuka Group, a global healthcare enterprise, and operates facilities in different parts of the world. CIL specializes in the process of separating stable (nonradioactive) isotopes from natural abundance and then labeling biochemical and organic compounds with these highly enriched, stable isotopes of carbon, hydrogen, nitrogen, and oxygen. Our chemists substitute common atoms (e.g., 1H , 12C , 14N , 16O) with rare, highly valued isotopes (e.g., 2H or D , 13C , 15N , 18O) so that the final product can be readily measured using a variety of techniques, including mass spectrometry (MS) and nuclear magnetic resonance (NMR). CIL’s products are utilized for research applications in laboratories, medical, government, academic centers, and health care facilities worldwide. They are also used in commercial applications, such as pharmaceuticals and electronics, to enhance product quality and longevity.

CIL products have contributed to medical advancements in cancer research, drug development, environmental analysis, and medical diagnostics. As the fields of proteomics and metabolomics continue to develop as leading techniques to identify biomarkers for disease presence, progression, and monitoring of therapeutic response, CIL supports and partners with industry leaders and researchers to provide stable isotope-labeled tools needed for improved quantitation and qualification of complex biological systems.

Over the past few decades, stable isotopes, specifically deuterium, have found their place in expanding commercial-scale applications, including pharmaceuticals, semiconductors, flat panel displays, as well as other high-technology fields. Pharmaceutical companies are investigating the deuteration of molecules that provide advantages over their existing nondeuterated counterparts. In addition, increasing research into the potential medical advantages of new deuterated drugs is also occurring.

In high technology, deuterated organic molecules and deuterium gas are commonly used in the manufacturing of microelectronics and OLEDs, which contribute to the increased lifetime of the devices.

CIL has approximately 1,500 suppliers located in North America, Europe and Asia. We purchase raw materials domestically and globally and operate in compliance with all US Government trade compliance regulations for import and export. The majority of raw materials purchased are unlabeled products that we isotopically enrich through our manufacturing processes. One of our key raw materials is D2O, a heavily regulated raw material globally.

Further information about our business can be found on our website: www.isotope.com

3. Our Policies

In partnership with Otsuka, through our organizational and governance policies, we communicate our values and expectations, setting a high bar for ourselves, our suppliers, and our selling partners, and make it clear that we do not approve of any forms of forced labour or child labour. We are committed to consistently evolving and improving our approach. We do not approve of child, forced or bonded labour in any of our operations or by suppliers working for us. While we do not carry out any due diligence specific to forced and child labour in 2023, we make every effort to prevent our activities having a negative impact on human rights, which may include implementing the due diligence processes outlined in the policies below as we move forward. Our relevant policies are discussed in further detail below.

As part of the Otsuka Group, CIL's policies include various global policies which CIL has adopted and relies on, as set out below:

Global Code of Business Ethics

We are committed to conducting our business in a lawful and ethical manner. Our adoption of the Global Code of Business Ethics (the Code) is the foundation of our company policies and sets out guiding principles on professional conduct and establishes that in performing their job duties, CIL employees should always act lawfully, ethically and in the best interests of CIL. The Code outlines our uncompromised commitment to the highest standards of ethical conduct.

Global Business Partner Code of Ethics

We adopted the Global Business Partner Code of Ethics which was developed throughout the course of 2023 and approved by the governing Board in the beginning of 2024. The Global Business Partner Code of Ethics details the requirements and expectations we have of how our business partners will conduct their business. We expect our business partners to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce our Global Business Partner Code of Ethics in their own operations and

supply chain. Our Global Business Partner Code of Ethics also sets forth our principles related to human rights, labor and employment practices, ethical business practices, environmental management, privacy, confidentiality, quality and operational excellence. We engage with business partners that are committed to these same principles.

Global Human Rights Policy

We recognize that respect for human rights in every aspect of our business activities must be the premise upon which we build to meet the expectations of our stakeholders, create new value, and contribute to the health and wellbeing of people all over the world as we continue to grow sustainably. We adopted the Global Human Rights Policy to guide our efforts to promote human rights initiatives, focusing on four key operating principles which are human rights due diligence, dialogue and consultation, education and awareness raising, and salient human rights issues.

Global Speak-Up Policy

CIL is committed to high standards of business conduct. In line with this commitment, we have the right and the duty to raise, in good faith, concerns about improper business conduct without fear of retaliation in any form. Allegations of any breach of our policies or any non-compliant and unethical matters are taken seriously. CIL has an Integrity Hotline where individuals can anonymously report concerns. In early 2024, CIL's Integrity Hotline was also made available externally on CIL's webpage to facilitate accessibility to external individuals, furthering CIL's commitment to an ethical business culture. Retaliation against anyone speaking up in good faith is strictly prohibited as specified in our Global Code of Business Ethics and Business Part Code of Ethics.

4. Assessing Our Risk

In our everyday business, management assesses and identifies risk factors that could pose a threat to our short and long-term growth and works to implement strategies to minimize those risk factors. CIL recognizes that our business is not risk-free and there is potential for forced and child labour concerns by virtue of the locations our suppliers operate and our limited visibility over our supply chain beyond the first tier. CIL currently conducts audits with our suppliers for both our GMP and non-GMP lines of business. For the GMP side, we conduct critical supplier audits every two (2) years alternating between physical audits and questionnaires. Our non-critical suppliers are audited via questionnaire every three (3) years. On the non-GMP side, suppliers are surveyed via questionnaire every five (5) years. Surveys can be sent on a more frequent basis if there is a response in the survey that suggests that vendor should be reviewed more frequently, or if we have repeat issues with the same vendor. In 2024, we are planning to take steps to identify risks of forced labour and child labour in our supply chain through these questionnaires.

Although we have not identified any forced labour or child labour in our activities and supply chains, we remain dedicated to continuous monitoring, and we are committed to developing an appropriate risk management framework at a later stage. Additionally, our Global Business Partner Code of Ethics was

developed to detail the requirements and expectations we have of how our business partners will conduct their business.

5. Our Commitments

CIL is committed to adhering to the highest standards of business conduct related to reducing the risk that forced labour or child labour is used at any step in our internal or external business processes. The aforementioned Global Speak-Up policy provides specific areas of concern to be aware of and our Integrity Hotline provides employees a safe, anonymous, confidential outlet to report any suspected unethical or illegal practices.

While no reports or complaints regarding forced labour or child labour have been received, we are prepared should such circumstances arise. CIL is dedicated to upholding our commitments to combat these issues while actively working to mitigate any resulting adverse impacts, including financial, on the Company and its operations.

Remediation Measures

Our Global Code of Business Ethics and our Global Speak-up Policy require all employees and contract workers of CIL to report actual or possible misconduct. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business. No measures were taken to remediate any forced or child labour as no cases were identified or made known to us. No measures were taken to remediate the loss of income to the most vulnerable families that would result from any measure taken to eliminate the use of forced or child labour in our activities and supply chain as no cases were identified or made know to us.

Training

Every year CIL employees at all levels, including new hires, are required to complete a mandatory Code of Business Ethics training to ensure that our Code of Business Ethics is understood and properly applied to our daily activities. All employees are also informed of how to report wrongdoing under our Global Speak-Up Policy. We provide employees with ongoing and periodic training opportunities to ensure that all employees have current knowledge. In addition, in 2023 employees completed Human Rights training that explained the concept of “Business and Human Rights”, the Global Human Rights Policy and the UN Global Compact.

6. Our Progress and Effectiveness

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through our Global Speak-Up Policy and other informal mechanisms of employee feedback. To date no significant concerns or complaints have been identified. We plan to develop progress and effectiveness tracking in future years.

7. Approval & Signature

In accordance with paragraph 11(4)(a) of the Act, this report was approved by CIL's Board of Directors on May 24, 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at www.isotope.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for CIL. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Cliff Caldwell (May 24, 2024 18:06 EDT)

Clifford Caldwell

CEO, May 24, 2024

I have the authority to bind CIL.