

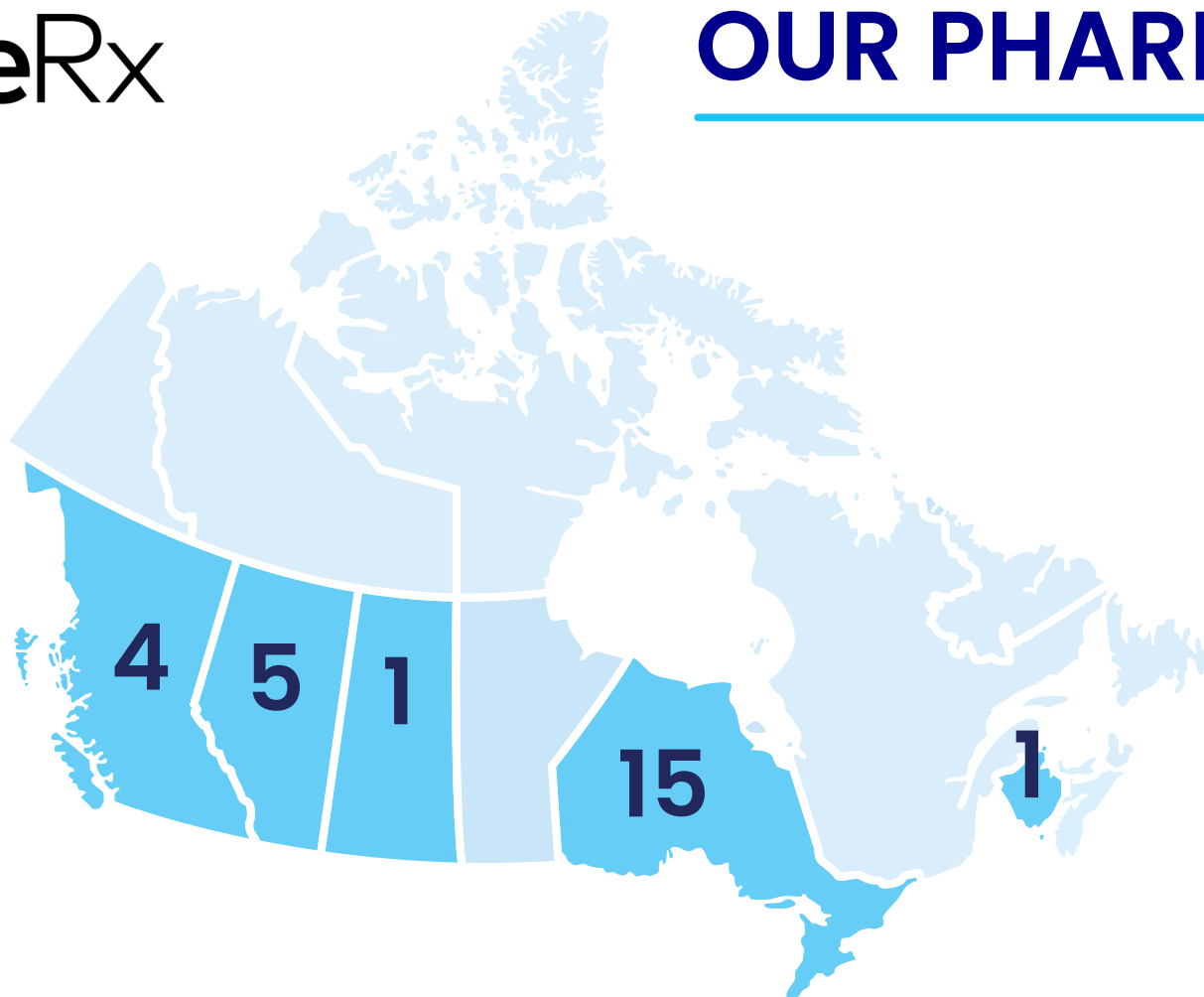
A photograph of two women, one older and one younger, both smiling warmly. The older woman is on the left, and the younger woman is on the right, leaning her head against the older woman's shoulder. They are both wearing light blue shirts. The background is softly blurred with warm, golden bokeh lights.

SHAPING THE FUTURE OF SENIOR CARE

**Environmental, Social
and Governance Report**

2025

carerx.ca



CareRx is Canada's leading provider of specialty pharmacy services to seniors living and other congregate care communities. We are a national organization with a large network of pharmacy fulfillment centres strategically located across the country. This allows us to deliver medications in a timely and cost-effective manner and quickly respond to routine changes in medication management. We use best-in-class technology that automates the preparation and verification of multi-dose compliance packaging of medication, providing the highest levels of safety and adherence for individuals with complex medication regimens. We take an active role in working with our home operator partners to promote resident health, staff education and medication system quality and efficiency.

Message from the CEO



At CareRx, our commitment to Environmental, Social and Governance (ESG) principles is deeply embedded in our mission to enhance the health of Canadians with unique or complex medication needs. As Canada's leading provider of pharmacy services to seniors' living and other congregate care settings, we recognize the significant role we play in promoting sustainability, fostering a diverse and inclusive workplace and upholding the highest standards of governance and ethical responsibility.

In 2024, we made meaningful progress on our ESG journey, advancing initiatives that support responsible corporate citizenship.

Some key achievements include:

Environmental Stewardship: We continue to enhance sustainability efforts by optimizing medication packaging to reduce waste, improving efficiency in our operations and implementing greener supply chain practices. Our commitment to minimizing our environmental impact remains a priority as we work toward a more sustainable future.

Social Responsibility: Our people are the heart of our business, and we are dedicated to fostering a culture that values diversity, equity and inclusion. As a business, we are strengthening the employee experience by expanding professional development opportunities and fostering an environment where our 1,700+ employees feel empowered to bring their authentic selves to work.

Governance and Leadership: Strong governance is the foundation of our success. This is supported by a strong governance framework, a diverse leadership team and a highly experienced Board of Directors, all of which ensure accountability, transparency and sound-decision making at every level of CareRx.

While we are proud of our progress, we recognize that ESG is a continuous journey. We remain committed to setting ambitious goals, tracking our performance and identifying new opportunities to make a positive impact, guided by our corporate commitment—Shaping the Future of Senior Care.

We extend our gratitude to our employees, partners and all those who share our vision and contribute to our collective success. Together, we will continue to build a more sustainable, inclusive and responsible future.

With CARE,

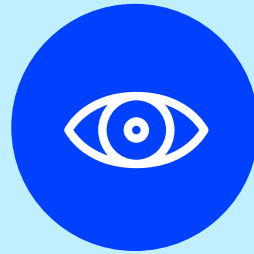
A handwritten signature in black ink, appearing to read "Puneet Khanna".

Puneet Khanna, RPh
President and Chief Executive Officer
CareRx Corporation



OUR MISSION

To enhance the health of Canadians with unique or complex medication needs



OUR VISION

To be Canada's trusted leader providing innovative pharmacy solutions in partnership with communities we serve



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



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



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



Excellence

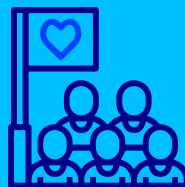
- We hold ourselves and our colleagues to the highest standards of quality and performance
- We execute with discipline and attention to detail
- We relentlessly seek perfection through incremental improvement and challenging the status quo

ESG Pillars



Environmental

CareRx is focused on protecting the environment by reducing its carbon footprint, adopting energy-efficient technologies and diverting waste from landfills.



Social

CareRx is committed to improving the quality of care and experience of residents, meaningfully engaging with employees and promoting the highest levels of health and safety.

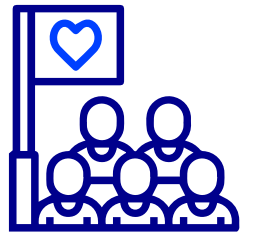


Governance

CareRx strives to maintain the highest standards of business ethics through a diverse leadership team and robust corporate governance practices.



Social





The CareRx Team

With approximately 1,700 employees across the country, CareRx's team is the organization's greatest strength. There is a strong commitment to fostering a work environment where every employee can thrive. All people leaders are dedicated to creating a positive experience and supporting both personal and professional growth for their team members.

Equal Opportunity Employer

CareRx is an equal opportunity employer with zero tolerance for discrimination and harassment of any kind. This commitment applies to all employment practices within the organization and is reflected in our Code of Conduct and Respect in the Workplace Policy.

Building an Inclusive and Diverse Workplace

CareRx understands that diversity, equity and inclusion are essential to fostering innovation, collaboration and excellence. With a strong commitment to these ideals, the organization is actively shaping a work environment that not only values diverse perspectives but also drives continuous progress toward these goals. According to the 2024 Employee Engagement Survey, 82 per cent of CareRx employees reported that CareRx is a diverse and inclusive workplace, reflecting a nine per cent increase from 2023.

Embracing diversity in all its forms—from hiring practices to leadership development to employee engagement—enhances CareRx's ability to serve its patients, partners and communities. A diverse workforce, representative of the communities CareRx serves, drives better outcomes, fosters creativity and helps build a culture of belonging for all.



Diversity in Leadership

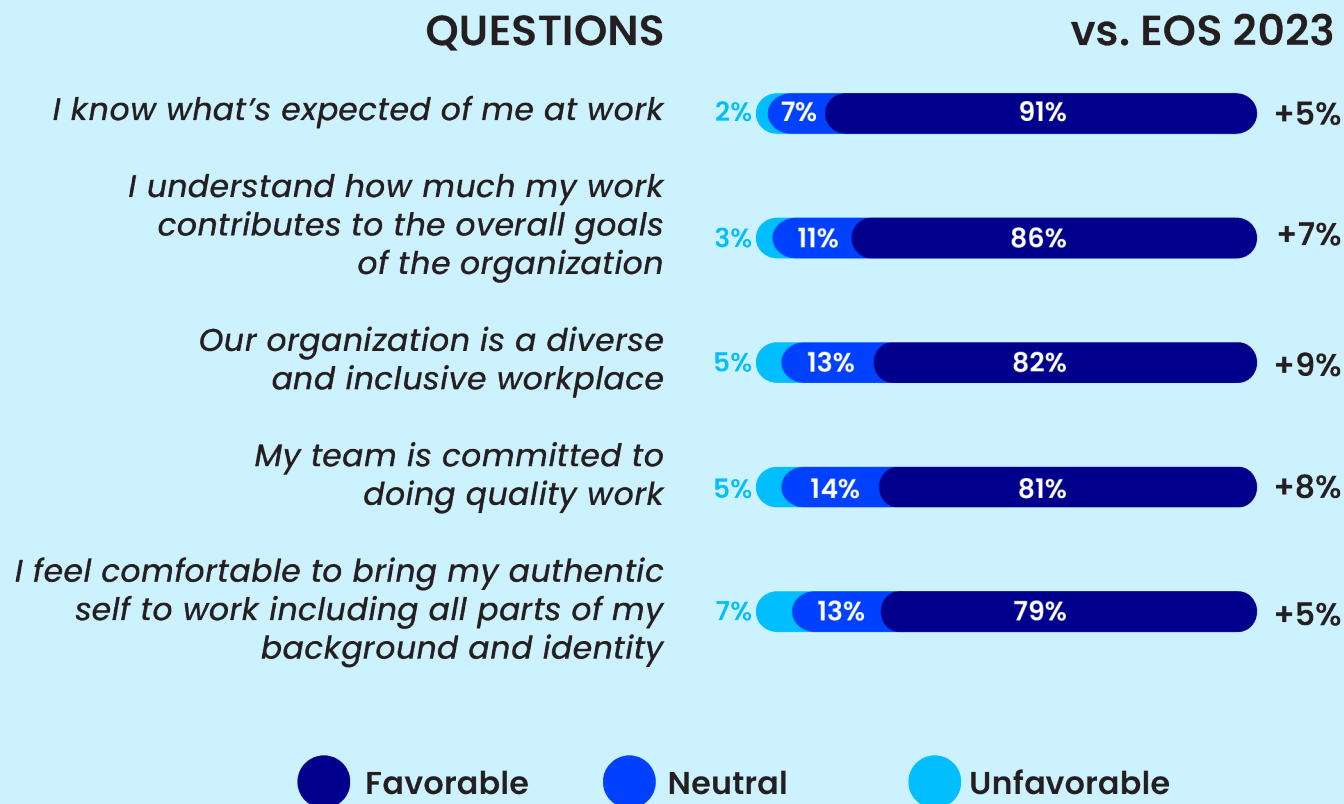
CareRx is committed to diversity in leadership and strong governance. At the end of 2024, 57 per cent of the Executive Team and 60 per cent of the Extended Leadership Team were women or from underrepresented groups. Additionally, women accounted for 74 per cent of the total workforce. This reflects CareRx's ongoing dedication to fostering an inclusive and diverse leadership structure.

57% Women and Underrepresented Groups
Executive Team

60% Women and Underrepresented Groups
Extended Leadership Team

74% Women
CareRx Workforce

Annual Employee Engagement Survey



Every year, CareRx employees participate in a comprehensive Employee Engagement Survey through a third-party partner. Engagement scores and answers to specific questions enable CareRx leadership to focus in on key areas of improvement to ensure a positive employee experience.

In 2024, overall engagement results showed significant improvement, with double-digit increases in several key areas, including overall engagement and responses to questions such as 'I am proud to work for this organization,' 'I would recommend this organization as a great place to work,' and 'My organization inspires me to give my very best at work.'

Employee Experience

At CareRx, employees come first. The company is committed to creating a safe, respectful and inclusive work environment that fosters both personal and professional growth.

Health and Wellness Initiatives

CareRx places a high priority on employee well-being, recognizing that a healthy workforce is essential to effectively supporting home partners and stakeholders. By fostering a culture centered on wellness, engagement and belonging, CareRx creates an environment where employees can thrive. Understanding that wellness is deeply personal and interconnected, impacting various aspects of life, CareRx acknowledges that a “one size fits all” approach is not effective. To support the diverse needs of its employees, the CareRx Wellness Strategy is built on four key pillars: Physical, Social, Mental and Financial. Each month, CareRx offers a range of programs, resources, webinars and other opportunities designed to address and nurture all these pillars of wellness.



Culture Champions

To support local engagement around employee activities, CareRx has established an active Culture Committee. The Committee's mandate is to create initiatives that reinforce CareRx's core values, enhance the employee experience and strengthen team connectivity and collaboration. Each location nominates one or more Culture Champions who are responsible for implementing a calendar of activities and celebrations that are meaningful and relevant to the employees at that site. Monthly updates, including pictures and highlights, are shared in the People and Culture Newsletter to promote broader awareness and recognition across the organization.





People and Culture Newsletter

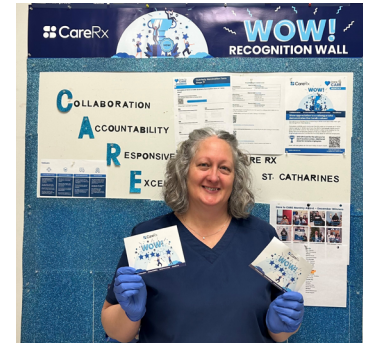
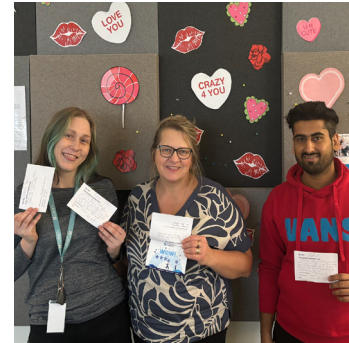
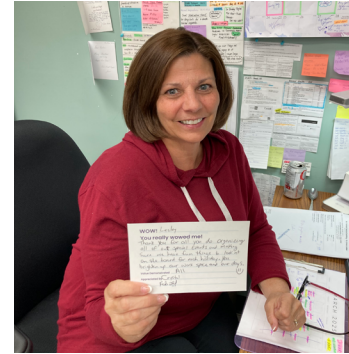
Each month, the People and Culture team distributes an employee newsletter that features a message from the CEO, spotlighting recent company achievements, key business updates and significant organizational milestones. The newsletter also shares important employee news, including promotions, transfers and other notable changes. In addition, it provides wellness tips, recaps key events across the organization and highlights CareRx's continued engagement with the communities it serves. This newsletter is a valuable resource for staying informed and connected to the company's progress and initiatives.



Recognition and Development

Dare to Care Recognition Program

CareRx's Dare to Care Program celebrates employees who consistently embody the company's CARE values through a peer-driven nomination process. Every month, winners are selected from each pharmacy, corporate office and remote group location. These individuals receive company-wide recognition and a monetary reward as a token of appreciation for their outstanding contributions and dedication to upholding CareRx's values.





Annual Extended Leadership Team Summit

CareRx recognizes the critical importance of investing in the development of both current and future leaders. To support this, the company hosts an annual Extended Leadership Team Summit, bringing together individuals in senior leadership roles across the organization for a collaborative experience focused on both professional and personal growth. The Summit provides a platform for these leaders to engage in meaningful discussions on key topics and challenges, fostering an environment of open dialogue and idea sharing. By addressing important issues and aligning on strategic priorities, the Summit helps build consensus around CareRx's vision and drives a unified approach to achieving its goals.

Community Partnerships for Senior Care

CareRx's pharmacists and pharmacy professionals are integral members of the care home interdisciplinary team, working closely with home healthcare teams to ensure safe and effective medication management for seniors.

To strengthen this commitment, CareRx has developed strategic partnerships with several seniors' advocacy groups, including:





Governance



Governance Framework

Strong governance is the foundation of CareRx's success and a critical component of the company's commitment to responsible corporate leadership.

CareRx is dedicated to maintaining the highest standards of integrity, transparency and accountability in all aspects of business through robust corporate policies, ethical decision-making and a steadfast focus on compliance.

The company's governance framework supports long-term value creation by fostering trust, mitigating risks and upholding a responsibility to patients, employees, partners and investors.





CareRx Policies

Code of Conduct and Respect in the Workplace Policy

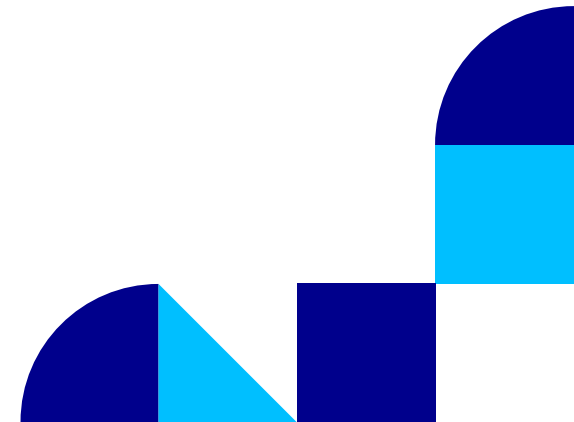
This policy outlines conduct that CareRx expects of all its employees and highlights behaviours that are deemed unacceptable.

Whistleblower Policy

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

Share Ownership Policy

This policy sets minimum share ownership requirements for Directors to better align their interests with those of shareholders.



Insider Trading Policy

This policy ensures that CareRx insiders do not trade in CareRx's securities with material undisclosed information.

Clawback Policy

This 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.

Enterprise Resource Management Program

This program actively identifies and tracks enterprise-based risks that 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: www.carerx.ca/company-governance/



A copy of CareRx's Privacy Statement can be found at: www.carerx.ca/privacy-statement/

Data Privacy and Security

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

Cybersecurity

CareRx uses leading technologies to protect the integrity of its IT systems. These include: (a) secure firewalls to prevent unauthorized access to CareRx's systems; (b) ongoing training and testing of all employees 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 successful ransomware attacks or experienced any material financial losses relating to security breaches.

Privacy and Confidentiality

Through a 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. All privacy breaches are reported to the Privacy Officer, who oversees an appropriate response.



Protecting CareRx's IT Systems

Secure firewalls

Ongoing training to prevent phishing and cyber attacks

Removable electronic devices encryption

Monitoring and detection of malware and unauthorized access





Privacy Impact Assessments

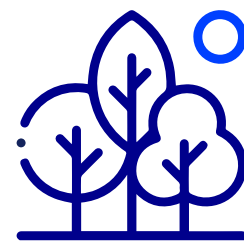
For key IT and other projects where resident personal health information will be stored, CareRx will routinely conduct a privacy impact assessment to proactively identify and mitigate risks to ensure responsible data management and compliance with privacy regulations.

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.



Environmental



Environmental Sustainability

CareRx recognizes the vital role it plays in promoting environmental sustainability within the healthcare sector. The company is committed to reducing its environmental footprint by implementing eco-friendly practices across all operations, from optimizing medication packaging to minimizing waste and enhancing energy efficiency. Through responsible sourcing, sustainable supply chain initiatives and innovative solutions, CareRx strives to balance operational excellence with environmental stewardship. By integrating sustainability into the core business strategy, CareRx aims to contribute to a healthier planet while continuing to provide exceptional care to the communities it serves.

LEAN Methodologies

CareRx has implemented LEAN methodologies across the organization to make workflow as efficient as possible. By utilizing LEAN, CareRx streamlines production times, increases productivity and reduces waste, leading to an improved employee and customer experience while demonstrating environmental stewardship.





Energy Management and Carbon Emissions

CareRx is focused on lowering its environmental footprint to positively address climate change.

Initiatives include:

High-Volume Fulfillment Centres

CareRx has begun to consolidate its physical pharmacy footprint through the opening of two state-of-the-art, high-volume pharmacy fulfillment centres in Oakville, Ontario (opened in April 2022) and the Lower Mainland, B.C. (opened in December 2024)

LED Lighting

As CareRx opens new pharmacies and renovates existing ones, the company continues to install energy-efficient LED lighting and looks for opportunities to utilize other energy efficient building materials.

Pharmacy Locations

CareRx strives to locate pharmacies near its customers to help minimize fuel consumption in delivering medications.

Optimized Delivery Routes

CareRx works with its third-party delivery partners to optimize delivery routes to reduce its carbon footprint.

Online Training and Resources

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

Green Products

CareRx purchases green products, where available, and utilizes recycled paper products.

Waste Management

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

Digital Technologies

CareRx deploys and supports a variety of digital technologies aimed at reducing paper use, such as digital scanners, tablets and electronic medication administration records (eMARs). While scanners still require paper for certain functions, the paper is recycled and not retained long-term, helping to minimize environmental impact.





Weekly Medication Supply

CareRx provides regular medication deliveries to each home, including weekly medication strips when applicable. This method helps to reduce the frequency of deliveries and minimize medication packaging waste.

Recycling Program

CareRx uses reusable boxes, totes and paper bags for the delivery of medications to homes.

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.

Medication Bottles


CareRx recycles all medication bottles within its pharmacy network.

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. The company also follows strict protocols for the safe destruction of unused medications and needles to help prevent environmental contamination and protect Canada's water supply.



MEDICATION DESTRUCTION AND DISPOSAL

Medications for destruction and disposal include:

- Discontinued medications
- Medications for discharged or deceased residents
- Medications brought into the home upon admission and are not needed
- Expired medications
- Medication with illegible labels
- Medications not appropriately packaged for use within the home
- Wasted or surplus medications

Storage:
Medications intended for disposal must be stored in the secure medication room until they are denatured. Once medications have been denatured with soapy water, the sealed pharmaceutical waste pail may be stored in an alternate secure area within the home until pick up.

Recommended Process:
The **Sealed Pail** is for medication removed from packaging and ready for denaturing. Do NOT denature the contents of this pail until it is ready to be removed or picked up.
The **Unsealed Pail** may be used for storing full bottles of medications such as liquids and powders that have not yet been denatured.

Preparing Medications for Disposal:

- Tablets/Capsules** - Remove from strip packages or blister cards and place into the Sealed Pail. Ensure prescription labels and pouch packaging are disposed of according to policy for confidential information.
- Cytotoxic/Hazardous Medications** - Remove from strip packages and place into the Red Cytotoxic Waste Container along with any gloves, medication cups, needles, or syringes used for administration.
- Wasted Medications** - Disposed at the time of administration into the Red Cytotoxic Container. Wasted controlled medications are witnessed by two staff members (e.g. unusable part dose, refused dose).
- Liquids/Powders** - Place entire container in the **Unsealed Pail**. When this pail is full and ready for disposal, pour any liquids and powders into the **Sealed Pail** for denaturing of the contents.
- Psyllium Powder** - Do not remove from its container as exposure can pose a risk for some individuals.
- Inhalers** - Remove the plastic outer container, if applicable. Place the inhaler or canister in the Sealed Pail. The outer plastic container may be disposed with regular waste. Ensure the label is removed or identifiers are blocked out.
- Eye/Ear Drops, Creams/Ointments, Nitro Spray, Nasal Sprays, Suppositories, Nebules** - Remove lid and dispose container and any remaining medication into the **Sealed Pail**.
- Narcotic and Controlled Medications** - Store securely until the time of destruction. See Policy 8.2 for guidelines on the destruction and disposal of narcotic and controlled medication.
- Other Medications**
 - Ampoules** - break ampoules and empty
 - Patches** - cut patches
 - Insulin** - empty cartridges/vials

Denaturing
Medications are considered to be destroyed when they are altered or denatured to such an extent that consumption of the medication is impossible or improbable.
Pour any liquids or powders into the Sealed Pail and add soapy water to denature the contents. Ensure that the pail is sealed. Move the pail from the medication room to a secure location for pick up by your medical waste company.





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