



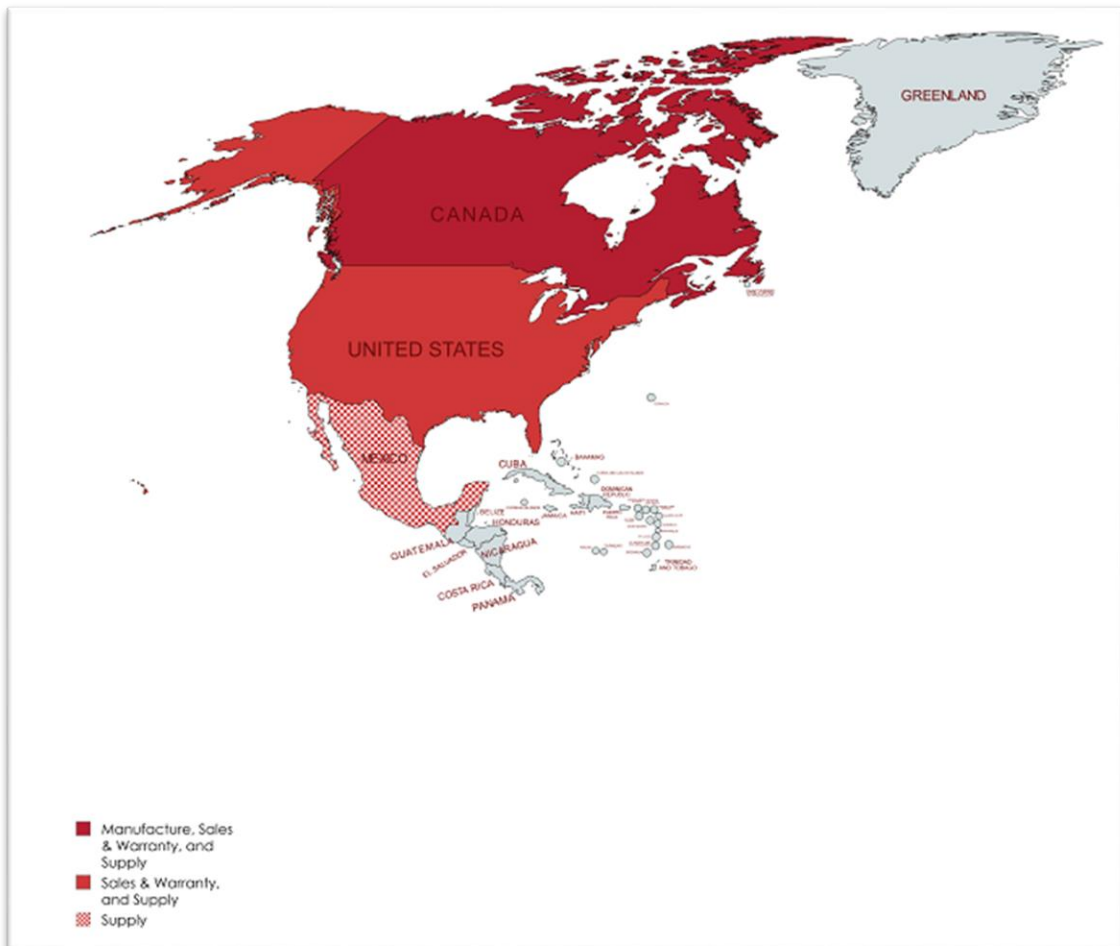
## Introduction

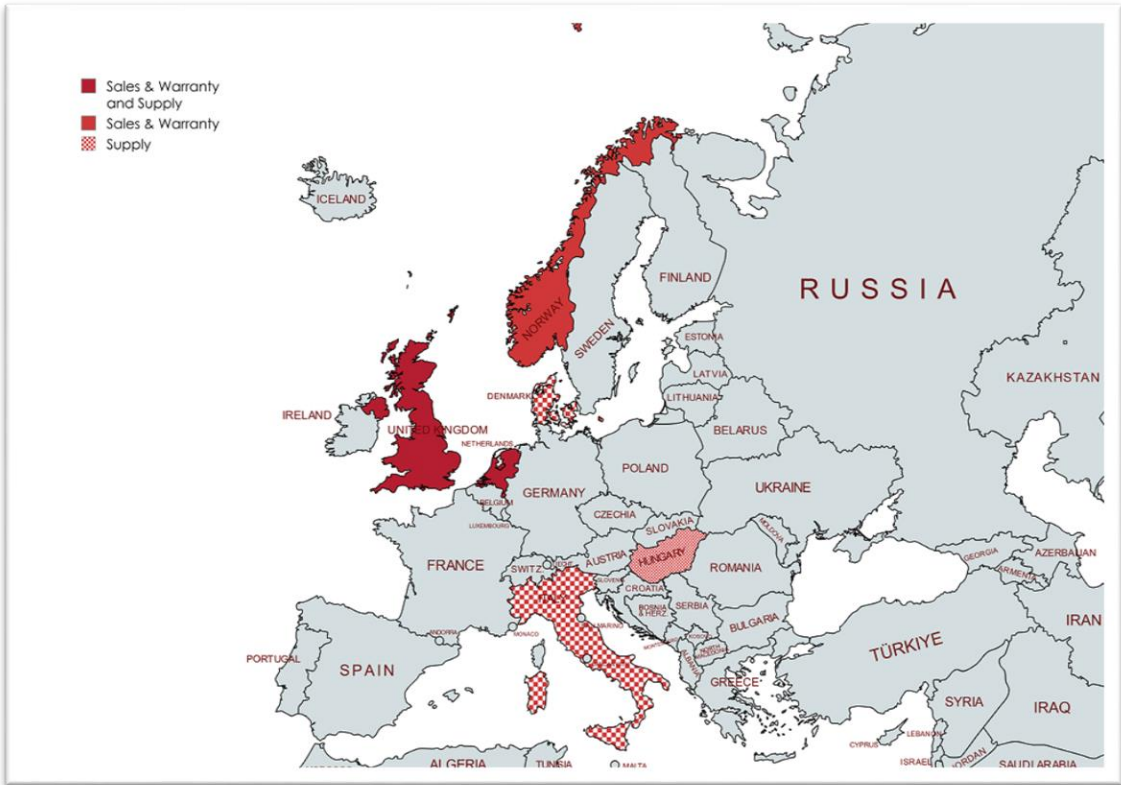
This statement sets out Arctic Spas [O/A Spa Logic, Blue Falls Manufacturing] actions to understand potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. This statement relates to actions and activities related to the financial year 2023.

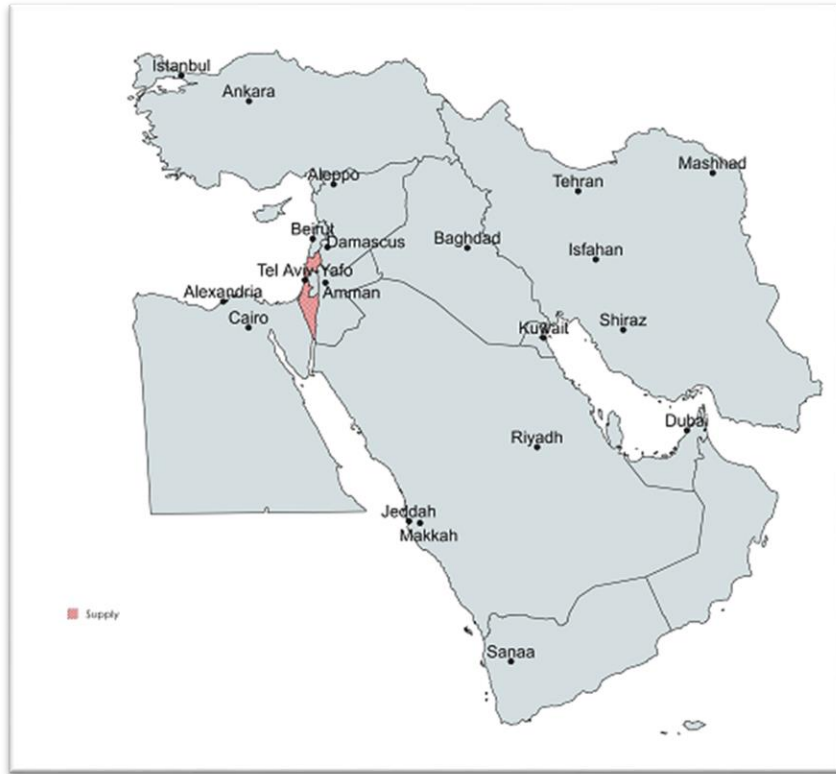
As part of the spa industry, the Arctic Spas recognises that it has a responsibility to take a robust approach to slavery and human trafficking. We are committed to preventing slavery and human trafficking in our corporate activities, and to working to ensure that our supply chains are free from slavery and human trafficking.

## Organizational structure, activities, and supply chains

Arctic Spas manufactures, sells, warranties, and supplies parts and accessories for hot tubs, cold tubs, and all-weather pools. Broadly speaking, the supply chain for Arctic Spas includes global sourcing of raw materials, North American manufacturing of products, and global sales and warranty support to retail locations or customers.









## **Policies and due diligence processes in relation to forced labour and child labour**

Arctic Spas has identified the following policies which will serve as the foundation of its approach to the identification and prevention of modern slavery and human trafficking in its operations and supply chain:

- Whistleblowing policy - Arctic Spas will encourage all its workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, the organisation via by creating a confidential disclosure form.
- Employee code of conduct – Will be updated to make clear that Arctic Spas expects employees to maintain appropriate standards of employee conduct and ethical behaviour when representing the business and managing its supply chain.

Arctic Spas has identified the following due diligence processes it will be working to implement when taking on new suppliers and when reviewing its existing suppliers:

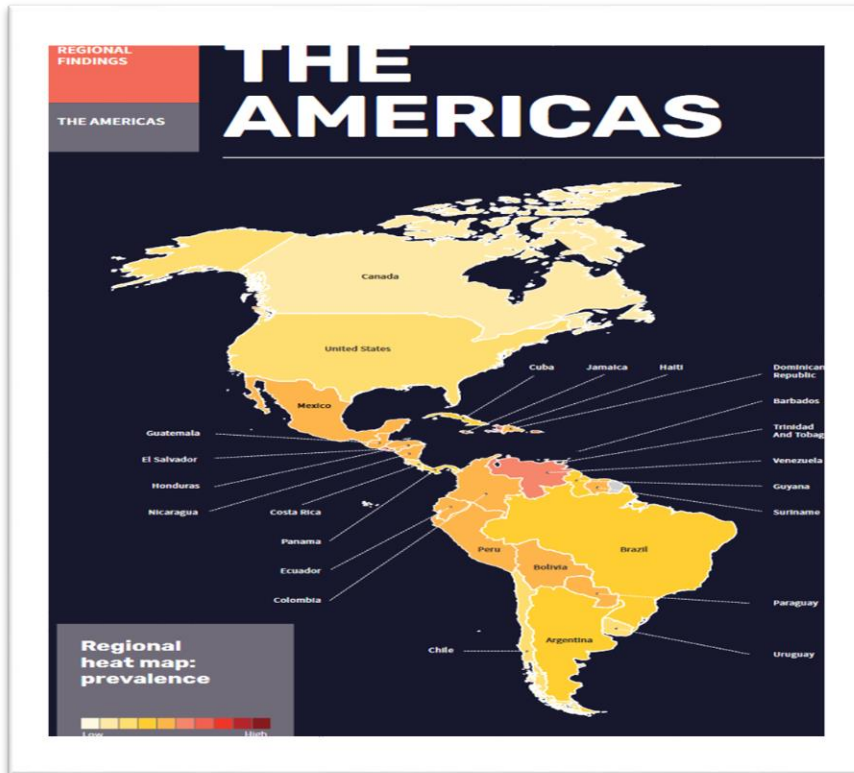
- mapping the supply chain broadly to assess particular product or geographical risks of modern slavery and human trafficking;
- evaluating the modern slavery and human trafficking risks of each new and existing supplier;
- conducting supplier audits or assessments with sections with a focus on slavery and human trafficking where high risks are identified;
- Terms and conditions or agreements will be updated to contain clauses requiring suppliers agree to ensure they provide safe working conditions, treat workers with dignity and respect, and act ethically and within the law in their use of labour
- reviewing on a regular basis all aspects of the supply chain based on the supply chain mapping.

## **Risk of forced labour or child labour and the steps taken to assess and manage that risk**

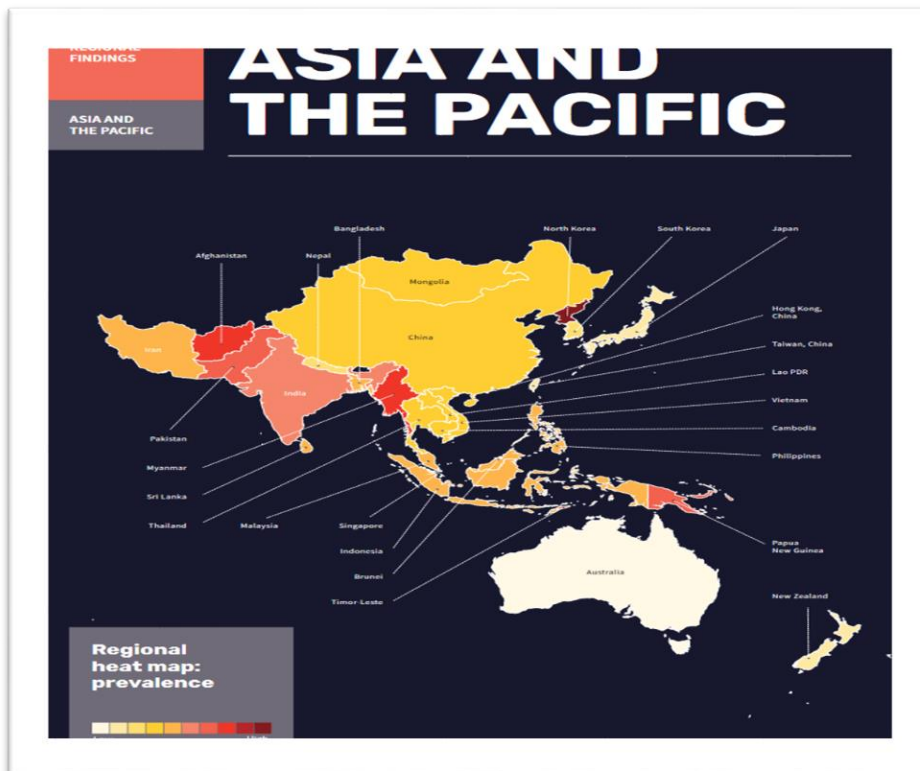
Given information and datasets within walkfree.org's<sup>1</sup> '*The Global Slavery Index 2023*,' Arctic Spas has identified the following activities, regions, or products as being at high risk of slavery or human trafficking:

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<sup>1</sup> Note, images and statistics from 'Risk of forced labour...' section are credited to walkfree.org.



- Mexico is a country of origin for several of our raw materials and it has a 58% vulnerability level to modern slavery by country in the region.
- Sourced materials include electronics which are number one in terms of import risk by product type.





- Considering population size, Asia and the Pacific had the third highest prevalence of modern slavery in the world
- Sourced materials include electronics which are number one in terms of import risk by product type.

05 REGIONAL FINDINGS		Regional rank	Country	Estimated prevalence of modern slavery (per 1,000 of population)	Estimated number of people in modern slavery	Population
EUROPE AND CENTRAL ASIA		1	Türkiye	15.6	1,320,000	84,339,000
		2	Tajikistan	14.0	133,000	9,538,000
		3	Russia	13.0	1,899,000	145,934,000
		4	Ukraine	12.8	559,000	43,734,000
		5	North Macedonia	12.6	26,000	2,083,000
		6	Turkmenistan	11.9	72,000	6,031,000
		7	Albania	11.8	34,000	2,878,000
		8	Belarus	11.3	107,000	9,449,000
		9	Kazakhstan	11.1	208,000	18,777,000
		10	Azerbaijan	10.6	107,000	10,139,000
		11	Bosnia and Herzegovina	10.1	33,000	3,281,000
		12	Moldova	9.5	38,000	4,034,000
		13	Armenia	8.9	26,000	2,963,000
		14	Kyrgyzstan	8.7	57,000	6,524,000

**Table 19**  
Estimated prevalence and number of people in modern slavery, by country

- While much of Europe is low risk, Türkiye, a source country for garment products for Arctic Spas is number one in regional rank.
- Garment products are number 2 in terms of risk for all products imported into Canada.

Canada	Product Type	Country	Value
Canada	Electronics	China	11,203,647
		Malaysia	76,024
	Garments	Argentina	6
		Bangladesh	1,278,694
		Brazil	1,309
		China	3,068,653
		India	259,998
		Malaysia	12,618
		Viet Nam	1,053,657
		Peru	2,097,402
		China	482,486
		Brazil	427,598
	Gold		
	Textiles		
Sugarcane			

- Electronics, particularly from China and Malaysia where Arctic Spas sources some of these materials, is the highest value at-risk import for the majority of G20 countries (est. US\$243.6 billion) followed by garments (est. US\$147.9 billion) which Arctic Spas also sources for resale and marketing purposes.

Arctic Spas has taken steps to work to prevent and reduce the risk that forced labour or child labour is used within our supply chain by completing preliminary mapping activities and by engaging experts to explain the Act and its requirements.

Arctic Spa's has identified the following key areas that will be covered in its training content for modern slavery:

- our business's purchasing practices, which influence supply chain conditions and which should therefore be designed to prevent purchases at unrealistically low prices, the use





of labour engaged on unrealistically low wages or wages below a country's national minimum wage, or the provision of products by an unrealistic deadline;

- how to assess the risk of slavery and human trafficking in relation to various aspects of the business, including resources and support available;
- how to identify the signs of slavery and human trafficking;
- what initial steps should be taken if slavery or human trafficking is suspected;
- how to escalate potential slavery or human trafficking issues to the relevant parties within the organisation;
- what messages, business incentives or guidance can be given to suppliers and other business partners and contractors to implement anti-slavery policies; and
- what steps the organisation should take if suppliers or contractors do not implement anti-slavery policies in high-risk scenarios, including their removal from the organisation's supply chains.

During the year ended December 31, 2023, the organization did not identify any instances of forced or child labour within the organization or its supply chains.

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### **Assessing effectiveness in ensuring that forced labour and child labour are not being used in operations and supply chains**

The following are the steps Arctic Spa's has identified that it will work to implement to monitor the effectiveness of our current process to manage the risk of forced labour and child labour:

- Establish Metrics and Indicators
  - Define key metrics and indicators to assess the prevalence and impact of forced labour and child labour within our operations and supply chains.
- Audits and Assessments
  - Define requirements for and schedule regular audits / assessments of suppliers, contractors, and internal processes to identify instances of forced labour or child labour.
- Feedback Mechanisms
  - Establish feedback mechanisms for workers, suppliers, and other stakeholders to report any concerns or incidents related to forced labour or child labour.
- Training and Capacity Building
  - Provide training and capacity building programs for employees and make it available to suppliers and contractors to increase awareness and understanding of forced labour and child labour risks and how to prevent them.

### **Approval**

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.

**Full name Peter Dalton**

**Title VP Finance & Admin**

**Date May 31<sup>st</sup>, 2024**

**I have the authority to bind Spa Logic Inc and Blue Falls Manufacturing Ltd.**

DocuSigned by:  
  
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