

Arctic Spas 2024 Modern Slavery Report

Prepared in accordance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act

Reporting Period: January 1, 2024 – December 31, 2024

Reporting Entity: Blue Falls Manufacturing Ltd. (operating as Arctic Spas)

1. About Arctic Spas – Building Better, Living Better

At Arctic Spas, we believe in more than just building hot tubs—we're building a lifestyle. Born and built in Thorsby, Alberta, we've grown from a small-town operation into a globally recognized brand that proudly delivers world-class hot tubs and all-weather pools to families around the world. But our strength isn't just in what we make—it's how we make it.

Our journey is driven by innovation, sustainability, and an unwavering commitment to doing what's right—especially when it comes to how we treat people. That's why we've taken measurable steps to ensure that every corner of our supply chain reflects the values we live by: integrity, craftsmanship, and respect for people and planet.

2. Our Global Supply Chain and Operations

In 2024, Arctic Spas continued to expand operations across three manufacturing facilities in Canada, distribution hubs for parts and service, and multiple retail locations. Our products are distributed through a trusted network of dealers in Canada, the US, and Europe.

Our global supply chain includes:

- Tier 1 Suppliers for spa components (e.g., pumps, control systems, and lighting) in North America and Asia.
- Raw Materials Suppliers for fiberglass, insulation, and plastics, primarily in Canada and China.
- Distribution & Logistics partners spanning Canada, the United States, and Europe.

We've always believed in the importance of knowing the people behind the parts—and in 2024, we deepened this connection through smarter technology and transparent tools.

3. Taking Action: Joining Sedex

To elevate our ability to safeguard ethical labour practices, Arctic Spas joined Sedex (Supplier Ethical Data Exchange) in 2024—a globally recognized platform that empowers companies to make responsible sourcing decisions through data, collaboration, and transparency.

What Sedex allows us to do:

- Map and monitor suppliers using industry-specific, risk-based insights.
- Collect structured data through Self-Assessment Questionnaires (SAQs).
- Identify red flags based on geography, product type, and labour conditions.
- Centralize risk reporting so we can focus our efforts where they're needed most.

This step reflects not only compliance—but our commitment to ensuring that the values we share with our customers extend to the people who help us build what they love.

4. Identifying and Addressing Risk

In having access to Sedex's RADAR tool, Arctic Spas is able to identify regions and industries where modern slavery risks may be heightened.

Initial findings indicated that particular attention should be paid to:

- Control systems and electronics manufactured in Southeast Asia.
- Molded plastic components and pumps produced in China and Taiwan.

Based on these insights, we prioritized supplier outreach and initiated SAQs for all Tier 1 suppliers, focusing on those operating in elevated-risk regions. Past tier 1 suppliers, we requested all suppliers complete SAQs on a voluntary basis.

5. Mitigation and Due Diligence in 2024

Through our Sedex integration, Arctic Spas implemented the following safeguards:

✅ SAQ Implementation:

- All identified at risk suppliers completed SAQs.

✅ Enhanced Supplier Engagement:

- We continue to onboard suppliers using Sedex data and ethical risk profiles.

✅ Internal Tools & Team Empowerment:

- Procurement staff training to navigate Sedex tools and interpret labour risk flags.

6. Our Progress and Metrics

We measure what matters—because protecting people matters.

In 2024, Arctic Spas tracked:

- SAQ Coverage: All high-risk Tier 1 suppliers requested to join Sedex.
- Supplier Follow-ups: 100% of flagged high-risk suppliers joined Sedex.
- Procurement Training: 100% of relevant staff trained on Sedex tools.

These benchmarks lay the groundwork for deeper accountability in 2025, including supplier improvement tracking and audit-based verification.

7. Training and Education

We believe that real change starts with knowledge.

In 2024, Arctic Spas launched targeted training for procurement management's use of Sedex. Encompassing:

- How to identify forced and child labour risks.
- Interpreting and responding to Sedex reports.
- Engaging suppliers in conversations about transparency and shared responsibility.

8. Looking Ahead

Our path forward is built on integrity, transparency, and trust. In 2025, we will:

- Expand SAQ outreach to include most if not all of Tier 1 suppliers.
- Expand targeted training to include all procurement staff.
- Continue empowering our suppliers to support upholding our shared values.

9. Attestation

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.

Signed: *Peter Dalton*

Peter Dalton

VP Finance & Admin

Blue Falls Manufacturing Ltd. (Arctic Spas)

Date: May 30, 2025