



Southmedic Inc.

Annual Report - Fighting Against Forced Labour and Child Labour in Supply Chains Act

Introduction

Southmedic Inc. (“SMI”) is a privately owned corporation established in 1983 to provide innovative healthcare products that improve the quality of care with better patient outcomes. It is headquartered in Barrie, Ontario.

This report is for the fiscal year ending February 29, 2024.

Our in-house Research and Development team have successfully innovated proprietary anesthetic and respiratory products that are essential to provide a better healthcare experience.

The OxyMask™, which is patented and sold globally, provides the utmost in patient safety, comfort, and operational efficiencies while our polymer coated blades and scalpels are regarded by many as the sharpest, smoothest cutting edge available. Our constant focus in research and development and innovation has allowed us to develop CABO™, the first safety scalpel cartridge to fit a standard surgical scalpel handle.

Our dynamic Canadian Distribution Division has grown to be one of the largest independent distributors of specialty products focusing on technical support and knowledge that is essential to providing a better healthcare experience.

SMI’s medical manufacturing division specializes in certified cleanroom injection molding and cleanroom assembly. Our certified class 100,000 cleanroom houses modern injection molding machines ranging from 35 to 300 tons. Our design team provides state of the art 3D solid modeling capabilities. The approach we take guarantees our medical customers both rapid delivery and cost-effective tooling. Emphasizing customer service, our medical manufacturing team provides the technical support and knowledge that is essential to all our customers.

Our commitment to improving patient experiences through innovative technology, along with our utmost commitment to providing quality, efficiency and cost-effective solutions for our clients are true hallmarks of all our Southmedic businesses.



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www.southmedic.com ISO 13485





Accountability Policy

Southmedic Medical Manufacturing conducts its business according to its social accountability policy, as described below:

- Develop and sustain a workplace culture where diversity is valued and leveraged. All employees are to be treated with dignity and respect, considered optimal contributors to business objectives, and have equal access to opportunity.
- Create an environment where employees know and understand the existing standards of ethical conduct and abide by those standards.
- Ensure that the overall terms of employment are voluntary.
- Comply with all federal and provincial labour laws.
- Ensure that we will not employ child labour regardless of the country in which we are doing business.
- Compensate our workers with wages and benefits that meet or exceed the legally required minimum.
- Prohibit discrimination based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity, religion, disability or political affiliation.
- Prohibit abuse, harassment or any related threat of any kind.
- Provide a mechanism for employees to confidentially and/or anonymously communicate breaches in the Behavioural Code of Conduct without fear of retribution or retaliation.



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Operations and Supply Chain Assessment

SMI assesses the risk of child labour and forced labour within its directly employed workforce to be low. The workforce is directly employed in accordance with internal human resource policies. Use of agencies is limited and due diligence is applied when they are engaged. For example, eligibility to work in Canada is checked. In addition, regular reviews and engagement of the workforce takes place to ensure work conditions and compensation are compliant with labour regulations.

The overall risk of child labour and forced labour in the supply chain is considered low overall due to the specialized nature of the components and materials that are provided. SMI procures components and materials from approximately 150 suppliers located in 10 countries around the world. Over 90% of these materials are provided by companies located in Canada or the United States. Examples of materials include resins, cameras, specialized medical components, and packaging.

The approach to assessing the risk of having child labour or forced labour in the supply chain is as follows:

- Consider purchases from each company over the last fiscal year, ranked by volume
- Review the country and type of materials supplied. Check this against known information of where there is higher risk of child labour or forced labour.
- Where supplier's employment practices are unknown, pursue further assessment activity.

In terms of purchase volume, half is procured from the top nine companies. Of these companies, seven have policies and procedures in place to comply with U.S., U.K., Australia, or California child labour and forced labour laws, in addition to adherence to United Nations conventions. These companies are considered low risk.

Based on source country and industry, four additional companies were identified to be assessed further. In addition, review of the remaining suppliers is to take place in terms of purchase contracts and social sustainability policies.



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Continued Commitment

In accordance with SMI's Accountability Policy, SMI is planning further activity in the fight against child labour and forced labour. Planned activity includes review of supplier contracts, continued assessment of supply chain partners and review of employee training.

Bryan Howcroft
CFO & President of Global Sales



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