

# Sundance® Spas

## Introduction

At Sundance Spas, Inc. we have committed all levels of our business to operate at the highest levels of ethical standards across our supply chain. Our organization is part of the Jacuzzi Group and owned by InvestIndustrial, a private equity firm based in Europe. In deference to its commitment to transparency, in 2022 the Jacuzzi Group released a comprehensive Environmental, Social and Governance (“ESG”) report, which has committed our organization to numerous goals and targets, and in particular our role in supporting the elimination of forced labour and child labour within our supply chains.

This document herein is a joint report prepared by Sundance Spas, Inc. and its subsidiary Hydropool Inc., (“Sundance Spas” or “we”) in adherence to Section 11 of Bill S-211 (“the Act”). It demonstrates the actions and measures that Sundance Spas has taken and enacted in the last fiscal year, spanning from October 1<sup>st</sup>, 2022, and September 30<sup>th</sup>, 2023, to prevent and reduce the risks of forced labour and child labour being used in our activities and supply chains.

For the purposes of the Act, Sundance Spas meets the definition of an entity by having a place of business in Canada, doing business in Canada, and having assets in Canada. In addition, for the prior fiscal year, Sundance Spas meets all three entity sized threshold requirements relating to revenue, assets, and employees. By way of selling goods in Canada, and importing goods into Canada, Sundance Spas and meets the criteria of a reporting entity.

## Section A: Structure, Activities and Supply Chains

Sundance Spas, Inc. is headquartered in Irvine, California and Hydropool Inc. is located in Mississauga, Ontario and is the subsidiary of Sundance Spas, Inc., and both are privately held corporations. Both entities are part of the global Jacuzzi Group that has over 3,900 employees and operates in the United States, Canada, Mexico, Italy, the United Kingdom, France, Brazil, Chile, Australia, and New Zealand.

Sundance Spas has been an industry leader in designing, manufacturing, and distributing spas across Canada and the United States. Our goal is to inspire joy and well-being through innovative wellness products.

To source the highest quality materials and products, we operate in a global supply chain through selective partnerships with vendors and suppliers. Our supply chain involves the procurement of raw materials, including but not limited to, acrylic, adhesives, chemicals, foam, resin, synthetic wood, and wood from the United States, Mexico, and Canada. In addition, in our supply chain, we also procure finished products including but not limited to, covers, electronic components, filters, and heaters from Canada, China, Mexico and the United States.

Given our expansive supply chain, we have developed strict policies and procedures to monitor and maintain transparent and ethical sourcing practices for our operations. In accordance with the provisions of Bill S-211, the following report outlines our approach to understanding and managing the potential risks relating to forced labour and child labour within our supply chain and key activities.

## **Section B: Policies and Due Diligence Processes**

In 2022, the Jacuzzi Group released its ESG Report which endorses the following external sustainability initiatives: United Nations Global Compact, Science-Based Target Initiative, United Nations Sustainable Development Goals, Global Reporting Initiative, and the Forest Stewardship Council, among others.

For the purposes of this report, our focus will be on delineating the key activities, measures, and policies that have been enacted to manage any supply chain risks relating to forced labour and child labour. Our commitment is highlighted in our 2022 ESG Report, which outlines our efforts relating to Goal 8 of the United Nations Sustainable Development Goals (“UN SDGs”) and in particular our focus on Target 8.7, which states “Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor, including the recruitment and use of child soldiers, and by 2025, labor in all forms.” Through this commitment we have developed and completed the following goals, efforts, and activities, tying back to Target 8.7, since the publication of the 2022 ESG Report:

- Goals:
  - Scale the standards set by our third-party external audit globally, to ensure that our warehouses and small manufacturing sites undergo assessments that align with audits conducted at our large facilities.
  - Maintain compliance with all local regulations, conduct regular and detailed safety audits, and capitalize on opportunities to further align health and safety policies across our global sites. Share best practices at monthly Global Safety Meetings.
- Completed Goals and Activities:
  - Updated Code of Business Conduct and Ethics and Employee Handbook. Distributed both to all global employees in 2022.
  - Implemented global employee ethics training in 2021, followed by a compliance awareness survey in 2022.
  - Posted signage of our updated whistleblower system in global facilities and ensured all Jacuzzi Group employees feel empowered to report any perceived instances of non-compliance with legal requirements and our core values.
  - Developed and published a [Supplier Code of Conduct](#) in 2021.

At every level of our organization, all employees are expected to uphold the ethical principles outlined in our Code of Conduct and Business Ethics, and this also applies to all agents of the company and its affiliates, which includes, but is not limited to:

- Providing employees with mechanisms to report business conduct issues through an ethics hotline administered by an independent third party;
- Ensuring that all employees are to conduct business in compliance with applicable laws and regulations and with the highest ethical business standards; and
- Focusing on improving the sustainability of our supply chain and have developed a formal Supplier Code of Conduct, which includes a Human Rights acknowledgement.

As noted, we developed and published our Supplier Code of Conduct, overseen by our Global Supply Chain team, which includes, but is not limited to:

- Setting the minimum principles we expect our Suppliers to follow in their provision of products and services;
- Expectations to commit to the highest standards of ethical conduct when dealing with workers, their suppliers, customers, and other third parties;
- Our support of the International Bill of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights, which directly ties into our disclosure on forced labour and child labour;
  - Child Labour: Suppliers must ensure that illegal child labour is not used in the performance of work. The term “child” refers to any person under the minimum legal age for employment where the work is performed, while also complying with the minimum working age requirements defined by the International Labour Organization.
  - Human Trafficking, including Forced Labour: Suppliers must adhere to all regulations prohibiting human trafficking and comply with all applicable local laws in the country or countries in which they operate. Suppliers must refrain from violating all legally protected rights of others and avoid any adverse human rights impacts of their operations.

In addition to requiring compliance to our Supplier Code of Conduct, our in-depth vetting process for suppliers includes guarantees regarding product quality and their commitment to “stand behind” their products.

Additionally, we have identified that our top 65% suppliers, by spend over the past fiscal year, also have their own Supplier Code of Conduct that they have imposed within their own supply chains. Outlining their commitments to understanding the risks associated with forced labour and child labour. In addition, we are targeting

increasing the number of top suppliers who also have their corresponding Supplier Code of Conduct to 80%.

Relating to our ethics hotline, it should be noted that this hotline is available to not just our employees but can be accessed by anyone, globally.

We are dedicated to managing our supply chains in a diligent and conscientious manner by developing and updating our policies and procedures, if applicable, and as required.

### **Section C: Forced Labour and Child Labour Risks**

Over the course of the prior fiscal year, Sundance Spas did not conduct a formalized risk assessment concerning forced labour and child labour within our supply chains and key activities. However, in May 2024, we performed a high-level risk assessment aimed at outlining areas of concern and risk within our supply chain.

It should be noted that our assessment does not assess the use of forced labour and child labour within our supply chains; rather, it was undertaken to determine and understand our current risk profile and to support the organization in identifying and assessing where risks may arise in the future.

For this assessment, our methodology consisted of evaluating our supplier spend against the Walk Free Global Slavery Index, which provides information towards the prevalence of modern slavery by country in addition to the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor, which supports in the identification of risks linked to specific goods and their corresponding geographical regions. By cross referencing our geographical assessment with an at-risk-goods analysis, we were able to further refine our approach and analysis of our supply chain.

It should be noted that our assessment acknowledges that no industry or geography is entirely exempt from the risks of forced labour and child labour, and that there are inherent risks and vulnerabilities that may not surface due to weakened regulatory frameworks and enforcement mechanisms in certain regions.

#### **Risk Assessment Findings**

Through the analysis we conducted, based on the manufacturer country of origin, we have identified that certain countries within our supply chain have a prevalence score<sup>(1)</sup> greater than 4 per the Walk Free Global Slavery Index. However, the significant majority of our total supplier spend originated from countries that had a prevalence score of less than 4.

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<sup>1</sup> Estimated number of people in modern slavery per 1,000 population

In addition, we cross referenced the supplier spend against the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor, which allowed us to isolate specific goods from our supplier portfolio that may be produced in regions that could be susceptible to forced labour and child labour. We identified that electronic goods and products from China were identified as having an elevated risk of being associated with forced labour and child labour. The supplier spend to China, relating to electronics, accounted for less than 2% of our total supplier spend for the prior fiscal year.

As we continue to enhance our supplier assessments and evaluations, we strive to update our Supplier Code of Conduct to manage any changes in the risk profile of our suppliers as it relates to forced labour and child labour.

#### **Section D: Remediation Measures**

Over the course of the prior fiscal year, we have not identified any forced labour or child labour in our activities or supply chain. As a result, we have not had to implement any measures to remediate any forced labour or child labour.

Failure to comply with our Supplier Code of Conduct, and in particular our strict guidelines relating to child labour, human trafficking, including forced labour, would equate to a direct violation of our Supplier Code of Conduct, and may result in action being taken including, and up to, termination of supplier contracts.

Our approach to remediation would be in alignment with both the United Nations Guiding Principles on Business and Human Rights, and the requirements of Bill S-211.

#### **Section E: Remediation of Loss of Income**

Over the course of the prior fiscal year, forced labour and child labour has not been identified in our activities and supply chain; we have therefore not had to take any measures to remediate loss of income associated with these risks.

While we have not identified any risks associated with forced labour and child labour in our supply chains, this proactive planning ensures that we are aware and equipped to address challenges and risks as they arise. This approach also aligns to the commitments we have made in our 2022 ESG Report, which outlines our alignment to Goal 8, which aims to promote full and productive employment, and decent work for all.

#### **Section F: Training**

Over the course of the prior fiscal year, we have not provided our employees with training directly relating to forced labour and child labour.

However, all our employees, agents, and affiliates are expected to uphold our Code of Conduct and Business Ethics, which clearly outlines the necessary steps on how to report violations of our Code of Conduct and Business Ethics through our third-party administered ethics hotline. In addition, our Code of Conduct and Business Ethics references our Supplier Code of Conduct, which outlines our zero-tolerance policy regarding forced labour and child labour, and our compliance with all applicable laws, and regulations governing the use of labour in each location we operate. Employees must review and sign-off on our Code of Conduct, which is then filed with our Human Resources department.

### **Section G: Assessing Effectiveness**

In the prior fiscal year, measures to assess effectiveness related to our risk management of forced or child labour, were not taken.

However, we are exploring mechanisms to conduct reviews of our policies and procedures to ensure they remain effective in analyzing and managing our risks across our supply chains and focusing on forced labour and child labour. We will look to develop yearly mechanisms that will aim to increase our effectiveness in managing our supply chain and corresponding activities.

### **Conclusion**

At Sundance Spas, we are committed to ensuring we operate in a transparent and ethical manner. We are continuously exploring opportunities to further develop our accountability mechanisms and to strive for continuous improvement as it relates to our efforts relating to the management of the risks associated with forced labour and child labour.

**Attestation**

In accordance with the requirements of the Act, and in particular section 11(4)(b)(ii) thereof, I attest that I have reviewed the information contained in the report for the entities listed above and that it has been approved by the governing body of the entities. 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.

Jason Weintraub  
Full name

Chief Legal Officer  
Title

May 31, 2024  
Date

Date  
  
Signature

I have the authority to bind Sundance Spas, Inc. and Hydropool Inc.