

Annual Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)*

May 23, 2024

Canada enacted its *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and amended its *Customs Tariff* (the “Act” or the “Canadian Modern Slavery Act”) in May 2023. Under the Act, companies meeting specific criteria, including Resolute Health Corporation Limited (“Resolute”) and its wholly owned subsidiaries listed below (together referred to as the “Company”) are required to prepare and file an annual report with the Minister of Public Safety and Emergency Preparedness of Canada. This report describes the risks within the Company’s supply chain, as well as the risk mitigation measures and diligence procedures implemented to address such risks.

Steps to prevent and reduce risks of forced labour and child labour

The Company is committed to reducing the risks of forced labour and child labour in its supply chain and endeavours to continuously improve its diligence, risk assessment and remediation processes. Steps taken to date to reduce the risks of forced labour and child labour have consisted of conducting an internal assessment of risks in the organization’s own activities and its supply chains. In addition, the development and implementation of due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and child labour in the organization’s activities and supply chains. These measures are described in further detail below.

Structure, activities and supply chains

This joint report is prepared by Resolute, and on behalf of the following entities, all of which are wholly owned subsidiaries of Resolute, for the reporting period from October 1, 2022 to September 30, 2023:

- The Snore Shop Atlantic Inc.;
- Advacare Inc.;
- Sleep Management Group Limited;
- Complete Respiratory Care Inc.;
- Coastal Sleep Homecare Services Inc.;
- OxyLife Respiratory Services Ltd.;
- Island CPAP Services and Supplies Ltd.
- Archer Respiratory Care Inc.; and
- Clinical Sleep Solutions Inc.

The Company operates sleep apnea clinics across Canada, with the corporate head office located in Bedford, Nova Scotia.

This report outlines the Company’s business activities in Canada with respect to the sale of goods and services. During the reporting period, the Company only operated in Canada and did not produce or manufacture goods. The Company may from time to time import goods which would be considered to be very minor dealings.

The Company sells goods and services directly to its patients through its websites across Canada and clinic operations located in Nova Scotia, New Brunswick, Prince Edward Island, Quebec, Ontario and British Columbia.

The goods sold by the Company are purchased primarily from companies in Canada, the United States and New Zealand. The Company is very rarely the importer of record for purposes of Customs Canada. The categories and range of suppliers is not broad as the Company operates in the specific market of sleep apnea treatment with the majority of the goods sold being medical equipment which is approved by Health Canada prior to the Company's sale to consumers. The Company typically stocks inventory at the clinic locations across Canada, and may use third-party warehousing locations. It is rare that equipment is custom-ordered and shipped directly to a patient.

In addition to goods sold, the Company also sources services through its supply chain from third parties for items such as software, professional services, advertising, rented clinic space and communications.

Due diligence in relation to forced labour and child labour

During the reporting period, the Company performed an assessment of its suppliers based on spend and reviewed the policies and procedures associated with forced labour and child labour on its top suppliers from a volume perspective of goods and services, representing over 50% of its annual total spend and over 90% of its cost of goods sold in Canada.

This assessment included a review of the suppliers' policies and procedures as it relates to such items as supply chain management, code of conduct and child labour. In addition, the Company from time to time conducts due diligence on its major vendors in the context of forced labour, child labour and modern slavery by reviewing publicly available documents and purchasing published reports by third party agencies that provide commercial data and insights to assist in identifying potential risks.

Policies and due diligence processes

During the reporting period, the Company operated solely in Canada. Providing the Company's employees with a high standard of health and safety throughout the organization is one of the Company's core values and a top priority for the board of directors and senior management. The Company endeavours to engage with suppliers that uphold similar high standards of health and safety for their employees. The Company strives to engage with reputable and ethical companies in sourcing all its goods and services. To accomplish this, the Company may complete an internal review process of new suppliers' public information. When public information is not available, the Company may purchase third-party reports and enquire directly with the supplier. In addition, the Company ensures that all medical equipment products sold are approved by Health Canada.

Based on our review of policies and procedures, for selected vendors, through publicly available information and third-party reports, the Company did not identify any risks in its supply chain related to forced labour or child labour and further investigation or termination of supplier relationships was not deemed necessary.

The Company will continue to engage with vendors throughout the relationship with the vendor for future reporting periods. In addition, the analysis prior to onboarding of new suppliers, includes the due diligence procedures as outlined above.

Areas of Risk

As a provider of healthcare services in Canada, the Company sources a portion of its goods and services from third parties located outside of Canada. These suppliers are typically large, multinational companies that have published procedures and policies related to forced and child labour that align with the

Company's. The Company noted that the risk of forced and child labour in connection with its business activities is mitigated through the due diligence procedures outlined in this report. We therefore are of the belief that the overall risk of forced labour or child labour in connection with our business activities and supply chain as being low.

Remediation measures

During the year ended September 30, 2023, the Company did not identify forced labour or child labour in its supply chain. Therefore, remediation measures were not taken. We appreciate that there may be unintended consequences contributing to a loss of income for vulnerable families resulting from efforts to prevent and reduce the risk of forced labour and child labour. As the Company has not undertaken any such remedial measures, its activities have not impacted or otherwise resulted in loss of income for such families.

Training

Senior management and the board of directors of the Company have been informed of their responsibilities related to supply chain assessment for forced labour and child labour. In addition, all employees of the Company have been trained on, have access to and must comply with the Company's health & safety protocols and core values.


Assessing effectiveness

The Company has not yet taken steps to assess the effectiveness of the procedures outlined above. However, going forward the Company is considering establishing appropriate assessments of effectiveness on an annual basis.

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.

Dated this 23rd day of May, 2024.



Kirk Hamilton

Chair of the Board of Directors

I have the authority to bind Resolute Health Corporation Limited.