



PERIMETER MEDICAL IMAGING AI INC.

Report on Fighting Against Forced Labour and Child Labour in Supply Chains Act

Financial Year 2023

INTRODUCTION

This report (the "**Report**") relates to the financial year ended December 31, 2023 and outlines the actions taken by Perimeter Medical Imaging AI Inc. (the "**Company**") to prevent and reduce the risks of forced labour and child labour in its operations and supply chains in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**").¹

STEPS TAKEN TO PREVENT AND REDUCE SUPPLY CHAIN RISKS

The Company does not tolerate any form of modern slavery, forced labour or child labour in its operations or supply chain. The Company recognizes its responsibility to protect these values and to ensure that it is preventing and addressing these risks within its operations and supply chain. The Company expects its partners and suppliers to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws.

The Company welcomes constructive engagement with all stakeholders, including suppliers, governmental authorities and clients, to increase the effectiveness of its modern slavery risk mitigation practices. The Company will continue to adapt to maintain the highest standards of ethics and integrity in its business and partnerships.

In the Company's 2023 financial year, the Company sought to better understand the risks associated with forced labour and child labour and how such risks may be present in its operations and supply chains. In particular, the Company took the following steps during fiscal 2023 to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

- conducted a preliminary internal assessment of the risk that forced labour and/or child labour is present in the Company's supply chain;
- initiated a review process of its own and its suppliers' policies and procedures to address forced labour and child labour risks in the supply chain;
- engaged the services of external counsel to assess the legislative framework and advise the Company regarding obligations under the Act and existing frameworks for management of modern slavery risks, and similar frameworks, applied by Canadian and international peers; and

¹ The Company has prepared this Report based on information available to it at the time of preparation. This Report contains forward-looking statements relating to The Company's policies and practices with respect to forced labour and child labour risk management, including statements of current intention and expectation and statements of opinion. There can be no assurance that such statements will prove to be accurate, as the Company's actual results and future events could differ materially from those anticipated in this forward-looking information because of the factors discussed in the "Risk Factors" section in the Company's Annual MD&A, which is available at www.perimetermed.com or on SEDAR+ at www.sedarplus.ca. Except as required by applicable laws or regulations, the Company does not undertake to publicly update or review any forward-looking statements.

- established an internal working group, composed of management representatives, to continue to review the impact of the Act on the Company and assess the effectiveness of the actions taken to address the risks of modern slavery.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Structure

The Company was incorporated under the *Business Corporations Act* (British Columbia). The common shares in the capital of the Company are listed for trading on the TSX Venture Exchange under the symbol "PINK".

The Company operates its business through its direct US subsidiary, Perimeter Medical Imaging Corp.

Activities and Supply Chains

The Company is a commercial-stage medical manufacturing device company focused on the development and marketing of ultra-high-resolution, real-time, advanced imaging tools.

The Company's suppliers are crucial partners in the operation and success of its business and the Company expects its suppliers to abide by its standards with respect to modern slavery. The Company communicates these expectations through policies, contracts, and procedures. The Company operates and maintains an approved supplier list and conducts due diligence on all suppliers before allowing them to become an approved supplier. Often, this due diligence process includes an audit to ensure potential suppliers comply with all applicable legal requirements.

The Company engages subcontractors with expertise in design and development, system prototyping and software to supplement its internal engineering resources. In 2017, the Company entered into a formal agreement with an FDA ISO 13485:2016 certified contract medical device manufacturer (the "**Contract Manufacturer**") for the manufacture of its OCT Systems and associated consumables. The Contract Manufacturer utilizes its established organizational resources for sourcing of off-the-shelf and most custom components that are used in the assembly of the S-Series OCT system. The Contract Manufacturer, located in the United States, is responsible for the procurement and audit of all direct component suppliers. Suppliers of components and materials for the Company are located in the United States, Europe, Taiwan and China.

POLICIES AND DUE DILIGENCE

There are several policies, processes, and practices that the Company uses to minimize the risk of forced labour or child labour practices in the Company's supply chains.

Policies

The Company is committed to conducting its business and affairs with honesty, integrity and in accordance with high ethical and legal standards. The Company's Code of Conduct (the "**Code**") sets out the legal, ethical and regulatory standards that the Company must follow to promote integrity and deter wrongdoing. Compliance with the Code is mandatory for every director, officer, employee and consultant of the Company.

The Company continues taking a risk-based approach to combatting forced labour and child labour. During the Company's 2023 financial year, it focused on supply chain monitoring and assessing modern slavery risks. The Company continues to assess the factors, sectors and geographies in which it operates to determine whether they may cause, contribute to, or directly link the Company's operations or supply chains to instances of forced labour or child labour.

Due Diligence

Internally, the Company has reviewed its hiring practices and determined there is no internal risk of forced labour or child labour. Externally, the Company has identified overseas suppliers as having a heightened risk of the potential for the use of forced labour and child labour.

The Company, working with its suppliers, reviews its suppliers' forced labour and child labour risks to ensure there are no current issues. In order to build out an effective reporting process during the Company's 2023 financial year, the Company assessed its business and its supply chains for forced labour and child labour risks.

SUPPLY CHAIN RISKS

The Company recognizes that the nature and location of its operations means that the risks of forced labour or child labour practices in its supply chains are relatively low. Similarly, the Company's risk of involvement in modern slavery practices by its suppliers is considered relatively low, as assessed by the Company's understanding of its suppliers' operations. Nonetheless, the Company remains committed to taking steps to identify and address potential incidents of forced labour or child labour in its supply chains.

The Company's main suppliers are reputable and well-known, go through an approval process and are located in either the USA or Europe, which are jurisdictions with high standards of protection for employees and the rights of individuals and do not pose a high degree of risk of forced labour or child labour practices. The Company has two suppliers outside of these jurisdictions: one in Taiwan and one in China and, although these jurisdictions may present a greater risk of forced labour or child labour, the Company's understanding of such suppliers' operations mitigates the associated risk. The Company currently relies on single source suppliers for the components used in its systems. In connection with the Company's manufacturing processes, it intends to procure alternative supply arrangements for these components as required.

REMEDIATION MEASURES

The Company is evaluating industry best practices and internal processes and will diligently take all appropriate remediation measures. To date, there have been no identified or reported instances of forced labour or child labour in the Company's activities and supply chain; and therefore, the Company has not been required to take any remediation measures.

LOSS OF INCOME

The Company recognizes that efforts to prevent and reduce the risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for the most vulnerable families. The Company is not aware of any instance to date where its efforts to mitigate the risk of forced labour or child labour in its activities and supply chains may have contributed to a loss of income for vulnerable families.

TRAINING

The Company assigns mandatory training to employees for completion through its training programs. The Company is assessing the need to add initiatives and training to address modern slavery risks, ethical sourcing and human rights as they relate to Company operations and supply chain.

EFFECTIVENESS ASSESSMENT

The due diligence processes described above provide a method of managing the risks; however, the Company will continue to look at ways to enhance its capability to identify any risks or indicators within its supply chains and its capability to investigate and address any concerns.

To address internal controls and employee awareness of labour practices, the Company will implement mandatory training to include general training and awareness initiatives regarding modern slavery risks, ethical sourcing and human rights as they relate to the Company's operations and supply chain.

To address risks in external supply chain, the Company will endeavor to review its own and its suppliers' policies and procedures to address forced labour and child labour risks in the supply chain, update the Company's supplier due diligence process to include a survey of labour practices and will create a process for remedying any identified instances of child labour or forced labour and increased communication and transparency with each of its suppliers.

The Company will continue to review its approach and continuously improve its processes to respond to the risks of forced labour or child labour in its supply chains. The Company has not received any complaints of any modern slavery issues or notifications from its suppliers of the identification of modern slavery practices.

APPROVAL AND ATTESTATION

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors on May 31, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

By: 
Name: Sara Brien
Title: Chief Financial Officer
Date: May 31st, 2024
I have the authority to bind the Company.