



**REPORT ON FIGHTING AGAINST
FORCED LABOUR AND CHILD LABOUR
IN CANADIAN SUPPLY CHAINS ACT**

MAY 31, 2026

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Introduction

The following report has been prepared by the Sorbara Group of Companies in alignment with Section 11 of Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains (the "Act"), for the financial year starting January 1, 2025, and ending December 31, 2025. This joint report is prepared on a group basis. Given that the entities within the Sorbara Group of Companies that were assessed as having reporting obligations under the Act have different fiscal year ends, the Group has elected to report for the period January 1, 2025, to December 31, 2025 (the "Financial Year"), as most of the activities subject to Bill S-211 within our corporate group occurred in entities with a December 31 year-end date. The activities of the corporate group as covered by the Act were in the construction of low-rise and high-rise housing.

The entities within the Sorbara Group of Companies that had obligations to report, hereinafter, shall be referred to as the "Group".

The Group qualifies as an entity due to its presence with the place of business, business activities, and assets in Canada. The Group also satisfies the reporting criteria set out in the Act and interprets its fulfilment of the reporting obligations through the production of goods in Canada.

The Group is committed to upholding honesty and integrity in all its business operations.

Section A - Structure, Activities, and Supply Chains

The Group contains subsidiaries that operate in the construction sector, and a related party within its corporate group acting as a development manager for one entity that was not a subsidiary of the reporting entity. As part of its overall activities, a line of business within the Group specializes in residential development projects. The Group is involved, through the relationships noted above, in business activities in Canada that involve the production of housing inventory, the labour of which is mostly unionized and substantially hired in Canada. The raw materials used in our production process are substantially procured through suppliers which are locally sourced and have supply chains substantially within Canada. This domestic focus helps mitigate potential risks associated with international trade compliance.

Section B - Policies and Due Diligence Processes

Over the Financial Year, the Group commenced the process to establish a formal due diligence policy specifically aimed at managing and mitigating the risks of forced labour and child labour within its operations and supply chain. As part of this initiative, our organization has chosen to partner with top-tier suppliers within our sector, a decision that inherently minimizes exposure to unethical labour practices. Based on responses received from suppliers to which questionnaires were sent representing 75.91% of the total construction spend activity in 2025 of the listed entities in this report, highlighted are the following:

- A) The Group had a 60% response rate to questionnaires sent, 40% of suppliers to which questionnaires were sent elected not to respond.
- B) Of the 60% of suppliers who responded to our questionnaire:
 - a. 17% indicated they are not direct importers;
 - b. 100% indicated they are not required to report under the Act; and
 - c. 67% indicated they believed that some of their suppliers who were direct importers may be importing from countries outside Canada, and those who commented on the degree of such activity indicated it was a low level.

Overall based on the responses received to our questionnaire and our knowledge of the construction sector in Canada, the Group deems the inherent risk of procuring forced labour or child labour to be low within the Group. Our supplier selection process considers the quality and reliability of products, in addition to the ethical standards of the manufacturers.

The Group is committed to upholding the highest standard of ethical labour practices and fostering a responsible, sustainable supply chain.

Section C – Forced Labour and Child Labour Risks

Over the Financial Year, the Group did not start the process of identifying risks. However, to understand where forced labour and child labour risks may exist in the supply chain, the Group recently carried out a risk assessment process. This process was guided by insights provided by the Walk Free Global Slavery Index, the Organization for Economic Co-operation and Development's (OECD) Due Diligence Guidance for Responsible Business Conduct, and by the US Department of Labor's List of Goods Produced by Child Labour or Forced Labour. These documents were chosen due to their recognized authority in addressing forced labour and child labour risks for Canadian entities. Through this analysis, our organization identified potential risks associated with specific countries but assessed Canada as having a low probability of the use of forced labour or child labour.

This risk identification exercise does not presuppose the actual use of forced labour and child labour within our operations or supply chains. Rather, it aims to recognize potential scenarios where such risks might arise, thereby enabling the Group to implement effective preventative measures. The Group's assessment acknowledges that no industry is entirely exempt from the risks of forced labour and child labour and there are inherent vulnerabilities within certain sectors of our supply chain, particularly in regions where regulatory frameworks and enforcement mechanisms might not be robust.

The analysis considered specific geographic regions that, according to the Walk Free Global Slavery Index and other credible sources, present a higher risk of forced labour and child labour practices. This geographic risk assessment was combined with an assessment of at-risk-goods categories, further enabling a targeted lens to our risk assessment.

On the basis that Canada measured 1.8 on the 2023 Walk Free Global Slavery Index, and that the Group's activities are substantially based in Canada, with labour and raw materials believed to be substantially sourced in Canada, we are of the view that the risk associated with the hiring of forced labour and child labour is low.

Risk Assessment Findings:

In our analysis, the Group focused on suppliers which represent 75.91% of the total supplier spending in construction-related activities for the Group. The Group believes these suppliers exclusively use adult workers, many of whom are union labourers and source raw materials substantially from Canada. This sourcing strategy aligns well with Canada's low prevalence rate of forced labour and child labour, as indicated by the 2023 Walk Free Global Slavery Index.

Overall, the findings from our risk assessment suggest that our exposure to forced labour and child labour risks within the supply chain is low in the context of overall expenditures. This does not undermine our intention to consider risks and conduct risk management procedures and policies accordingly should risk assessment levels change.

For purposes of assessing risk for the Financial Year, we conducted the following outreach activity to certain of our suppliers comprising 75.91% of total expenditures in the Financial Year:

- **Supplier Questionnaire:** A supplier questionnaire was sent to certain suppliers to gain an understanding of their supply chains, the nature and degree of their importation activities, and further inquiries as part of our annual filing requirements under the Act. The responses we received to the supplier questionnaire allowed us to gather insight from our suppliers and further our knowledge of the business environment to identify any risks associated with the Act, as well as to further build trust with our suppliers by improving transparency through communications between one another. Going forward, we anticipate circulating the questionnaire on a semi-annual basis to ensure a continued understanding of the supply chains and importation activities of our key suppliers.

Section D - Remediation Measures

Over the past Financial Year, our assessments have not identified any instances of forced labour and child labour within our operations or supply chains, and accordingly, no remediation measures have been taken. In alignment with the United Nations Guiding Principles on Business and Human Rights, we recognize the importance of having robust remediation measures in place.

While no instances of forced labour and child labour within our operations or supply chains have been identified, should they be in the future, remediation measures could include:

- a) **Immediate Response and Remediation:** In the event of instances of forced labour and child labour within our operations or those of our suppliers, swift action will be taken. We will engage directly with affected individuals and communities to assess the impact and devise appropriate remedial measures, which may include financial compensation, assistance in securing alternative employment, and facilitating access to education and healthcare services.
- b) **Supplier Collaboration:** Acknowledging the complexities of supply chains, we are committed to collaborative efforts with our suppliers to ensure the effective implementation of remediation measures. This may entail providing guidance, educational resources, and other forms of support as necessary.
- c) **Policy Review and Enhancement:** Identification of forced labour and child labour will trigger a review of relevant policies and practices to extract insights and make necessary adjustments.
- d) **Stakeholder Communication:** In upholding transparency and accountability, we will communicate our remediation efforts and outcomes to relevant stakeholders, while adhering to privacy and confidentiality requirements. This fosters trust and demonstrates our commitment to ethical business practices.

Section E - Remediation of Loss of Income

Over the Financial Year, the Group has not identified any instances of forced labour and child labour in its operations or supply chains. By way of a supply chain risk assessment, we have determined our supply chains carry low risk in facilitating forced labour and child labour. Thus, no measures have been taken to remediate the loss of income to vulnerable families. We recognize the importance of being prepared to take immediate and effective action should any such issues arise. Should such issues arise, the Group would look to provide various measures to alleviate any suffering from those affected.

Section F - Training

Over the Financial Year, our organization has not conducted formal training programs related to forced labour and child labour in the supply chain. Should there be a change in our risk assessment, we would consider developing a training program. Should the need arise, this training would be appropriately provided to the relevant staff involved in procurement and purchasing, as these roles are pivotal in maintaining the integrity of our supply chains. Should our risk assessment increase from a low end, the goals of a training program could be as follows:

- **Promoting Awareness:** To educate our staff on the definitions and indicators of forced labour and child labour. This includes understanding the legal frameworks, both local and international, that govern labour practices and the responsibilities of businesses under these regulations.
- **Enhancing Skills:** We would be dedicated to empowering our employees with the practical proficiency necessary for identifying potential risks and breaches within our supply chain. This encompasses comprehensive training modules covering audit procedures, supplier compliance evaluation, and the discernment of subtle cues suggestive of unethical labour practices.

Should the need arise, we would aim to foster a supply chain and team of professionals that are collectively vigilant and proactive against forced labour and child labour.

Notwithstanding the foregoing, we assess the risk of the Group hiring forced or child labour to be low and will not be instituting these measures at this time.

Section G – Assessing Effectiveness

In the Financial Year, the Group did not have in-place specific policies and procedures to systematically assess our effectiveness in ensuring that forced labour and child labour are not utilized within our activities and supply chains. Moving forward, should our risk assessment increase, we would be dedicated to enhancing and monitoring our supply chain policies and procedures. Should the need arise, this may include partnering with an external organization for an independent review or audit of our actions.

Additionally, the Group would explore the implementation of key performance indicators (KPIs) to track progress in this area. These indicators may include:

- a) Hours dedicated to employee awareness and training events
- b) Reported cases concerning forced labour and child labour
- c) Managed or resolved cases linked to forced labour by the authorized officers of the participating entities of the Joint Venture .our and child labour
- d) Contracts amended or initiated to include clauses against forced labour and child labour

Attestation:

By the requirements of the Act, and in particular Section 11 thereof, it is attested that the information contained in this Group Report has been reviewed with reasonable diligence and is approved as true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed.

In conclusion, the Sorbara Group of Companies assessed its operations and supply chain, finding a low risk of forced or child labour due to its domestic focus. No instances were identified, but the Group remains committed to ethical labour practices and will adapt its policies as needed.