

Caivan / ABIC Group

Forced Labour and Child Labour in Supply Chains Assessment

May 24, 2024

Attention: Brian Creech, Executive Vice President Finance
Caivan / ABIC Group of Companies
3713 Borrisokane Road
Ottawa, ON K2J 4J4

Re: Assessment of Forced Labour and/or Child Labour in Supply Chains

Dear Brian,

Enclosed is the final report for the assessment of Forced Labour and/or Child Labour in Supply Chains of the Caivan / ABIC Group of Companies ("Caivan"). The intent of this report is to provide an evaluation of Caivan's current state, in response to the reporting criteria of Canada's Bill S-211 - *An Act to support the Fighting Against Forced Labour and Child Labour in Supply Chains Act* and to amend the Customs Tariff ("the Bill" or "Bill"). This engagement evaluates all reporting criteria under this Bill. Reporting under this Bill is Caivan's responsibility, and due on or before May 31 of each year, beginning in 2024. This report must be approved by Caivan's highest governing body.

This report also identifies opportunities for Caivan to enhance controls and activities related to Forced Labour and Child Labour within the organization and supply chains.

We wish to express our sincere thanks to the staff of Caivan, for their assistance during the completion of this assessment. Should you have any questions regarding the content of our report, please do not hesitate to contact me at (514)891-8575.

Regards,

Regards,



Kevin Joy, Partner
E: kevin.joy@mnp.ca
T: (514) 891-8575

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Introduction

This report is Caivan's response to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

As per the Bill S-211 reporting requirements, our entity satisfies the requirements of the Act for reporting on the impact of forced and or child labour in our activities and supply chain. The financial reporting year of Caivan covered by this report is December 31, 2021, to December 31, 2022.

Overview, Structure, Operations & Supply Chain

Overview

The Caivan / ABIC Group of Companies was established in 2010, focusing on residential land development and home construction in Ontario, Canada. Operating from its base in Ottawa, Ontario, Caivan has since expanded its operations, through partnerships with major real estate developers in the province, to now include many active projects across both the Ottawa region and the Greater Toronto Area ("GTA") region. The company's primary activities involve the planning, developing, and managing residential construction projects. Its operational infrastructure is supported by multiple offices and project sites across both Ottawa and the GTA.

Structure

The organizational structure includes several types of legal entities, including limited partnerships, corporations, and joint ventures, which reflects the group's extensive involvement in real estate development and management. Key entities within the structure include land ownership and development / construction entities, property holding corporations, and management services partnerships, providing supervision services to related real estate development projects. Ultimate beneficial ownership is controlled by two individuals (both Canadian residents), Frank Cairo and Troy van Haastrecht.

Operations

Caivan's operations span the real estate development and construction industry, with a focus on residential home sale and delivery. The organization is fully integrated and oversees the land acquisition and development process, through to post closing warranty service of closed homes. Caivan designs and builds master-planned communities with a full range of attached, stacked, and detached product lines.

Supply Chain

Caivan has approximately 175 active vendors supplying goods within its value chain, with the vast majority located in Ontario and Quebec. As such, there is a low inherent risk of child/forced labour in its value chain and operating model.

Internal Policies & Due Diligence Processes

Caivan prioritizes the creation of an inclusive, safe, and respectful work environment for all its employees to prevent workplace violence and harassment while encouraging a diverse and equitable recruitment regime. These are reflected in key policies outlined in the company's Health and Safety programs and Employee Handbook, which underscore our commitment to employment equity, and the prevention of harassment and discrimination in the workplace.

Caivan does not employ anyone under the age of 18 and verify dates of birth before hiring employees. If Caivan was to hire any migrant workers, it would also ensure that they have the required work permits. Aside from this, we Caivan does not have policies or procedures in place to assess our effectiveness in ensuring that forced labour and child labour are not used in our activities and supply chains. In future reporting years, we plan to assess and report our progress and strategy related to keeping forced labour and child labour out of our activities and supply chains.

Internal Policies

Health and Safety Programs:

Caivan's comprehensive Violence and Harassment Policy is central to our commitment to a safe workplace, free from violence, harassment, bullying, and discrimination. This policy is consistently applied across all locations and company events to ensure uniform enforcement and awareness.

Employee Handbook (Manuals):

Our Employee Handbook outlines behaviors that constitute violence and harassment, maintaining a zero-tolerance stance. It equips employees with the knowledge and procedures to report incidents, ensuring swift and effective responses. The Handbook is critical in educating all team members on their roles and responsibilities, reinforcing a culture of safety and respect.

Due Diligence Processes

Training and Awareness:

All Caivan employees undergo mandatory training to recognize and respond to instances of violence and harassment. This training is crucial in preventing incidents and ensuring employees are prepared to act appropriately in potential situations, enhancing workplace safety.

Regular Policy Reviews and Updates:

Caivan's policies are reviewed regularly with input from the Joint Health and Safety Committee, ensuring they remain relevant and effective. These updates keep the workforce informed and engaged with the latest standards and practices. Although it has not been a specific area of discussion or focus up to now, going forward these updates will include a review of rules concerning child and forced labour.

Incident Reporting and Investigation Procedures:

We have established a clear and accessible reporting mechanism, allowing employees to report incidents without fear of reprisal. Thorough investigations follow any reports of violence or harassment, ensuring incidents are addressed promptly and appropriately to maintain workplace integrity and safety.

Supply Chain Risk Assessment

A risk assessment over our industry, including the goods procured and used in Caivan's product was performed over our material direct suppliers. This risk assessment used two separate indices to conclude on inherent risk of child and/or forced labour related to goods and countries - *Walk Free's Global Slavery Index and the US Department of Labour's List of Goods Produced by Child Labour or Forced Labour*. These indexes use in-depth research in forced labour and child labour.

Industry of Operation

Caivan operates in the real estate and construction industry. Using the two indices noted above, the construction industry has an inherent risk exposure regarding child labour and forced labour. This does not mean that evidence of forced labour or child labour was found to support this risk analysis. However, there is an increased inherent risk which necessitates closer scrutiny by Caivan to ensure those risks do not flow through to our supply chain and with whom we do business.

Goods Procured

Caivan procures all types of goods and services. There is a very high percentage of our cost profile which is related to the provision of services used in our product delivery. In terms of actual goods, Caivan procures concrete, lumber/timber products in various forms (structural lumber, flooring, cabinetry, etc.), steel, ceramics, glass, copper, locks, electronics, aluminum, and paint. The following have high/extreme inherent risk exposure to forced and child labour:

Good Procured	Goods Risk	Supplier Country	Country Risk
Concrete	High	Canada	Low
Wood	Extreme	Canada	Low
Steel	High	Canada	Low
Glass	High	Canada	Low
Electronics	Extreme	Canada	Low
Copper	High	Canada	Low
Locks	High	Canada	Low
All remaining	Low	Canada	Low

Caivan does not have any knowledge of forced or child labour being used in its supply chains and as of now has not adopted any approach to verify this with its suppliers. No evidence of forced labour or child labour was found to support this risk analysis but that there is an increased inherent risk which necessitates closer scrutiny by Caivan to ensure those risks do not flow through to the goods we procure. This includes investigating where our suppliers receive their goods, continued monitoring the types of goods we procure, and the risk of forced labour and child labour associated with this class of good.

Countries From Which Goods Are Procured From

This report focuses on direct material suppliers only—those accounting for at least one percent of the total supplier spend during the 2023 fiscal year—for the purposes of assessing the risk in the countries where our goods are procured. Based on our vendor data, all goods that met the materiality threshold were procured from Canada.

Remediation of Forced & Child Labour

At Caivan, we commit to remediating human rights incidents and violations within our operations and supply chains. In 2023, we received zero (0) complaints about Human Rights' contraventions internally and externally. At this time, Caivan currently has no mechanism to mitigate the potential risk of child labour and forced labour within our supply chains, but we are in the process of analyzing our supply chain to identify suppliers that may be at risk for forced or child labour and will apply counter measures should any be identified. These counter measures may include:

1. Engage material suppliers for their policies on forced/child labour.
2. Development of a supplier onboarding questionnaire for new suppliers and insert applicable provisions into our contracts for our suppliers to certify that they are operating with similar risk mitigation procedures.
3. We will immediately cease relationship with any organization if evidence of forced/child labour is found.

Remediation of Vulnerable Family Income Loss

Caivan is in the process of understanding and evaluating its supply chain related to the risk of child labour and forced labour. To date, Caivan has not identified instances of the use of child labour or forced labour within their operations or those of suppliers. Caivan is continuing its review of procurement practices to enhance the rigor of its due diligence processes including raising awareness with its suppliers. Consequently, no remediation measures were required in respect to forced labour or child labour.

Awareness Training

Currently, Caivan does not have training on child labour or forced labour. However, the policies identified above are relevant to this Act.

Review of the Employee Handbook is completed through the onboarding process of all new employees to ensure everyone understands the company's standards and expectations. Sections within this handbook relevant to child labour and forced labour include acts of abuse, violence and harassment, and employee conduct and behaviour.

Caivan recognizes the opportunity to enhance employee training relevant to this Act and will, therefore, evaluate applicable training for relevant staff going forward.

Assessing Effectiveness

To track Caivan's effectiveness of procedures to mitigate the risk of child labour and forced labour, the

following mechanisms are in place, with some being future opportunities to integrate with suppliers:

Caivan Activities

1. Total harassment incidents – Caivan has a zero-tolerance for workplace harassment. All claims made regarding harassment will be reported through the human resources department, and elevated to the senior management team as applicable, including an action plan to resolve the issue in a timely manner.
2. Conduct and behaviour incidents - Caivan has a zero-tolerance for inappropriate conduct and behaviour. All claims made regarding this will be reported through the human resources department, and elevated to the senior management team as applicable, including an action plan to resolve the issue in a timely manner.
3. Employee training: Caivan will continue to track employee training completion metrics to ensure the completeness of mandatory courses.

Supplier Activities

1. Supplier questionnaire: A phased-in approach will be adopted to have suppliers complete a Supplier Questionnaire which will include specific questions regarding child and forced labour. This phased approach will begin with the largest suppliers first and will continue across the full supply chain within a reasonable time period. For each questionnaire submitted, Caivan will collect responses in a centralized system, to understand how the risk of child labour or forced labour affects suppliers.

Steps Caivan Can Take to Prevent & Reduce Risk of Child Labour or Forced Labour

Caivan has taken some of the following steps to prevent and reduce the risk of child labour or forced labour in our activities and supply chain:

1. Caivan has mapped their supply chain to complete a risk assessment to align with the Act.
2. Conducted an internal assessment of risks of forced labour and/or child labour by identifying the good(s) within zero tolerance that have inherent risks of child labour and/or forced labour.
3. Developed employee-specific policies to create a channel where employees feel safe reporting workplace violence, harassment, and bullying.
4. Caivan has also engaged external consultants, with expertise in the legislation, to assist with identifying further risk mitigation opportunities.

Going forward, the following remediation measures against forced/child labour will be implemented, especially for our supply chains:

5. Identified the opportunity to integrate anti-forced labour and/or child labour standards/conduct into supplier and subcontractor contracts.

6. Caivan will utilize supplier questionnaires and onsite visits for key suppliers to monitor supplier relationships. Both mechanisms have been identified as opportunities to evaluate the use of forced labour and/or child labour.
7. Caivan has identified the opportunity to develop employee training relevant to child and/or forced labour.

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 Caivan Inc. 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.

Full Name: Frank Cairo

Date: May 28, 2024

Title: Director

Signature:



I have the authority to bind the various entities with the Caivan / ABIC Group of Companies to which this report is relevant. This report covers fiscal year January 2023 to December 2023.