

Cantiro Group

Forced Labour and Child Labour in Supply Chains Company
Assessment

May 31, 2024

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Introduction

This joint report was prepared pursuant to subsection 11(2) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C., 2023, c.9 (known as “the Act”) and has been prepared on behalf of **Cantiro Group** (known as “Cantiro”) and the applicable entities which it controls, including joint ventures which it operates. This report outlines the approach and initiatives by Cantiro to identify and address the risks forced and child labour in its business operations and supply chains during the financial year commencing **January 1, 2023** and ending **December 31, 2023**.

For over 25 years, the name, Cantiro, has inspired feelings of confidence, security, and integrity for its investors, financial partners, trade partners, and employees. We take these three attributes seriously as they are the cornerstone of our business. Cantiro has policies and processes in place to mitigate the risks of forced labour and child labour in our operations and supply chains, outlined in further detail throughout this report. These policies and processes apply company-wide and support our commitment to upholding human rights. We have a zero-tolerance policy for human rights abuses, which extends to the use of forced labour and child labour at any step of the construction process and related operations.

Structure, Activities, & Supply Chain

Structure

Cantiro was founded in 1995 by George Cantalini and Tony Cairo. The company is headquartered out of Edmonton Alberta and operates in the construction, real estate, and leasing sectors. The company is a limited partnership which comprises a single parent entity which presides over 50 subsidiary entities which are listed below:

FIGURE #1: Cantiro Company Details

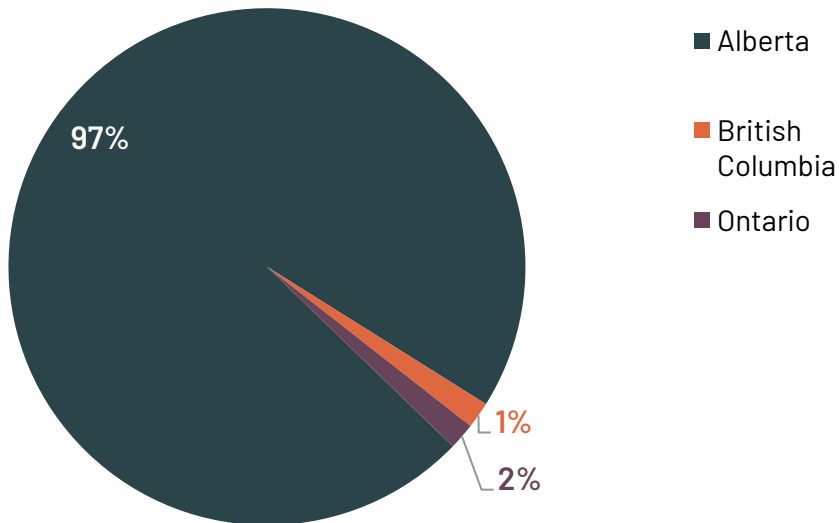
Company	Business Number
Cantiro Group LP	774180889
Ardrossan BG Ltd.	805365939
Ardrossan CS LP	763592862
Cantiro 200 West Block LP	707777942
Cantiro Asset Management Corporation	775663305
Cantiro Capital LP I	777040882
Cantiro Capital LP II	798715215
Cantiro Communities Charlesworth JVI	807447289
Cantiro Communities Charlesworth JVII	807447289
Cantiro Communities Elsinore LP	762427862
Cantiro Communities Hiller LP	769757543
Cantiro Communities Kenton JV	850757337
Cantiro Communities Keswick Investors JV	835802794
Cantiro Communities Keswick JV	829283431
Cantiro Communities Keswick Ridge JV	865485347
Cantiro Communities Leduc JV	848682910
Cantiro Communities Pioneer JV	802345876
Cantiro Communities Sherwood Park JV	773619705
Cantiro Communities Sherwood Park LP	735179707
Cantiro Communities Sturgeon Investor JV	856333992
Cantiro Communities Sturgeon JV	825247729
Cantiro Courtland LP	720111335
Cantiro Erin Ridge LP	706138203
Cantiro Glenora LP	799982921
Cantiro Homes Arbour Lake LP	706552742
Cantiro Homes Emerald Hills LP	777198284
Cantiro Homes Keswick LP	777207283

Company	Business Number
Cantiro Homes LP	847137262
Cantiro Investor Keswick Ridge LP	778236067
Cantiro Kenton LP	745706218
Cantiro King LP	713235679
Cantiro Lipsett LP	705076503
Cantiro Office Group Ltd.	860397017
Cantiro Owl's Nest LP	782805881
Cantiro Pioneer Wellness Centre Ltd	713288520
Cantiro Plaza 54 LP	762794550
Cantiro Wadhurst LP	778965145
Cantiro Westminster LP	757512207
Hiller Land JV	809204407
Ihouse CX LP	751331885
Inhouse Beaverbrook Inc.	800225922
Surebrook Developments	838672368
Surebrook Homes 2	840826739
Surebrook Parsons	815744602
Surecan Imperialis LP	702523937
Surecan Keswick LP	750097289
West Block Land LP	723560728
West Block (Phase 1) Commercial LP	724081526
West Block (Phase 1) Residential LP	724083928
West Block (Phase 2) Residential LP	707770749
Westwind Developments JV	816707269

Employees

Cantiro has over 120 employees listed on its payroll. Every person employed by the company is over the age of 18 and resides in Canada. Here is a breakdown of each employee's place of residence:

FIGURE #2: Employee Place of Residence



Each employee's age, place of residence, and Social Insurance Number (SIN) number are confirmed during Cantiro's onboarding process to ensure that each employee is eligible to legally work in Canada.

Activities

Cantiro is an award-winning integrated real estate company that transforms land into flourishing communities, homes and buildings in a solid, creative and profitable way. We are a fully integrated development firm that provides a full suite of services from inception to stabilization. This includes but is not limited to:

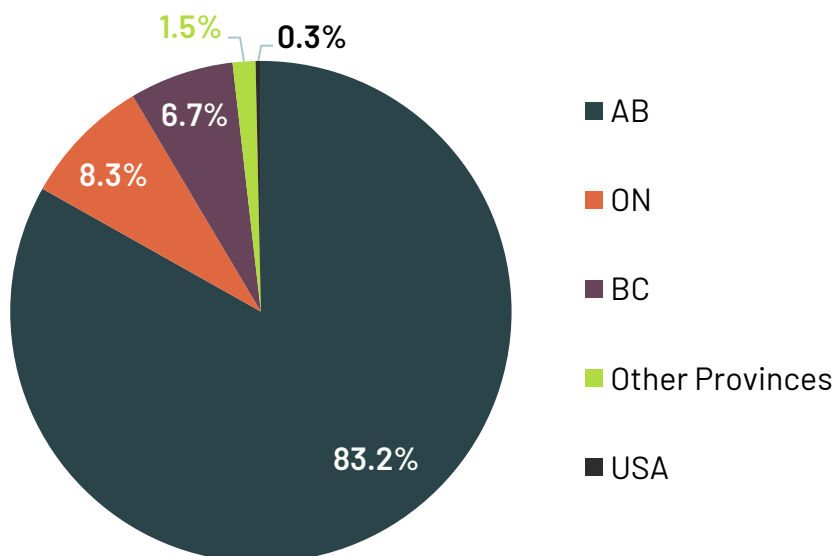
- Planning & entitlements;
- Engineering & servicing;
- Building design;
- Construction management;
- Finance & accounting; and
- Leasing.

Supply Chain & Risk Assessment

Cantiro's supply chains consist of over 1,760 tier 1 suppliers that provide materials, goods and services to Cantiro, including contractors, subcontractors, vendors and consultants. We focus on working with suppliers who:

- Strive to be leaders in the construction industry and have a long history of ethical business practices;
- Share our commitment to the highest standard of business conduct;
- Are willing to uphold our core values of safety, integrity, respect, and timeliness;
- Have obtained all necessary certifications and requirements such as Workers Compensation Board (WCB) and insurance; and
- Adhere to laws and regulations enforced by provincial entities which include but are not limited to:
 - The Employment Standards Code Act of Alberta.
 - The British Columbia Employment Standards Act and Regulations.
 - The Employment Standards Act of Ontario.

FIGURE #3: Vendor Location



Nearly all of vendors Cantiro collaborates with are headquartered in Canada. The company has 5 suppliers which base their operations out of the United States.

For the financial year ended December 31, 2023, Cantiro’s goods-related expenditures comprised approximately **\$99.7 million**, sourced entirely from Canada. The following chart (Figure #4) illustrates the top categories of expenditures by Cantiro for goods during the financial year ended **December 31, 2023**, as well as the geographical sources of those goods.

FIGURE #4: Goods Related Expenditure for FY 2023 (\$99.7 million)

Type of Good	Walk Free Risk Assessment	Vendor Origin	Origin Risk	Proportional Spend
Earthworks (aggregate, bedding, stones, pipes)	n/a	Canada	Low	31.9%
Cement	High	Canada	Low	13.2%
Timber	Extreme	Canada	Low	10.5%
Finishing Materials (countertops, guardrails, etc.)	High	Canada	Low	9.2%
Drywall (gypsum)	High	Canada	Low	6.3%
Siding & cladding (cement board, vinyl, etc.)	High	Canada	Low	5.2%
Plumbing (PVC)	n/a	Canada	Low	4.4%
HVAC	n/a	Canada	Low	3.2%
Windows and doors	n/a	Canada	Low	3.1%
Flooring	Extreme	Canada	Low	2.9%
Electrical wires and panels	n/a	Canada	Low	2.8%
Landscaping materials	n/a	Canada	Low	2.5%
Other construction materials	n/a	Canada	Low	2.2%
Appliances	n/a	Canada	Low	1.6%
General construction supplies	n/a	Canada	Low	1.0%
Total				100.0%

Although some of Cantiro’s good procured are considered high to extreme risk for child and forced labour violations, every vendor that the company chooses to deal with is headquartered in Canada and adheres to all employment and safety regulations in their respective provinces. **Hence the origin risk of Cantiro’s goods procured is low.**

Policies & Due Diligence Processes

Employee Hiring & Onboarding

Cantiro’s prospective employees are subjected to a rigorous interview process followed by a background and reference check.

Upon being hired, each employee is required to review Cantiro’s Code of Conduct and acknowledge its contents by signing it. Each employee is expected to act professionally and lawfully which includes not putting the company at risk of participating in any type of forced and/or child labour.

Employee Training Maintenance & Awareness

Every year, each Cantiro employee is required to review the company’s Code of Conduct and any revisions that may have been made during the past year. Each employee must then sign an online attestation via the ADP website indicating they have reviewed the company’s Code of Conduct and understand the requirement indicated within.

In addition to the annual review of the Code of Conduct, Cantiro's employees are required to participate in regular training sessions which may include topics such as:

- Respect in the workplace;
- Sensitivity training;
- Confidentiality training;
- Diversity, equity, and inclusion;
- Violence in the workplace;
- Healthy and safety; and
- How to conduct yourself in the workplace.

All of the training that Cantiro provides ensures that employees direct their concerns to a designated point of contact, allowing Cantiro to promptly address any incidences of noncompliance.

Supplier Selection & Onboarding

Before choosing a supplier, Cantiro's construction team (Project Manager, Estimator and Construction Manager) reviews a shortlist of suppliers who are perceived to be a good fit for a specific project. The team contemplates the following factors which will ultimately inform their decision:

- Compare pricing between shortlisted suppliers;
- Compare supplier capacity:
 - This includes the **size of crew, trade quality, labour capacity, and past performance with Cantiro.**
- Once a supplier has been chosen, the winning candidate is required to provide a due diligence package to Cantiro for review. This includes:
 - **Safety manual, void cheque from a registered financial institution, proof of insurance and proof of WCB Clearance.**
- Cantiro will not execute a supplier contract if the chosen contractor has not provided all of the documentation required to commence work on a given project.

Ongoing Supplier Management

Once the supplier contract has been executed and their crew has been onboarded, Cantiro continues to manage and mitigate risks throughout the course of the relationship with its suppliers through regular meetings and consultant reports. It is through these regular touchpoints that Cantiro can identify and mitigate any human rights abuses or violations.

For example:

- 1) Cantiro has site supervisors that visit the company's projects at least once a week to ensure that each project is completed on time and on budget;
- 2) Cantiro has third-party quantity surveyors that monitor the project's completion throughout the course of the construction cycle. These quantity surveyors provide reports to Cantiro and its financing partners on a periodical basis;
- 3) Cantiro will engage third-party structural consultants that ensure that each phase of construction is in compliance with provincial building codes (framing, electrical, etc.);
- 4) Cantiro will not deliver homes to an end user if it has not been checked by a city inspector to ensure that what the company has built is in compliance with the terms of its building permit and building code;
- 5) Cantiro's Safety Officer performs regular visits and safety audits on our sites. She then reports her findings to our People and Culture division; and,
- 6) Our prime contractor will have a safety officer on site for our larger projects (generally anything 3 storeys or higher).

Grievance Mechanisms

Cantiro believes in fostering a work environment that empowers its employees and trades to conduct business the right way. To accomplish this, we encourage all members of the construction team to speak out about incidences of noncompliance. If an employee becomes aware of any potential misconduct or violations of law or policy, they are asked to utilize Cantiro's anonymous whistle-blower line which is operated by the company's People & Culture division. This whistle-blower line facilitates the anonymous good faith reporting of potentially illegal, unethical, or improper conduct, and is accessible through email or phone call.

Upon confirmation of any violation or wrongdoing, Cantiro will take swift action, including the termination of the relationship between Cantiro and the respective employee or contractor.

Remediation of Forced & Child Labour & Vulnerable Family Income Loss

Cantiro has not identified any forced and/or child labour in our business activities and supply chains, nor has it identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains. Therefore, there is nothing to remediate at this time.

We will continue to monitor our supply chain and develop remediation strategies that we can implement should we identify any need to eliminate any forced or child labor in the future.

Assessing Effectiveness

Cantiro's ability to sustainably operate and ensure long-term success for its stakeholders is directly associated with its capacity to effectively manage any potential business risks – risks which include forced and/or child labour in the company's business or supply chains. Assessing the effectiveness of managing this risk is a shared responsibility between Cantiro's leadership group and its employees.

Cantiro's leadership group and People and Culture department will explore the opportunity to establish a set of policies to prevent forced and/or child labour and its associated harms from occurring in the workplace. To accomplish this, the company will look for ways to implement due diligence policies and procedures for identifying, addressing and prohibiting the use of forced and/or child labour in the organization's activities and supply chains. The key to this measure is by diligently tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms, and numbers of contracts with anti-forced labour and child labour clauses.

To track Cantiro's effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

Internal Activities

- a) Reporting on Incident Management: If an employee has identified a workplace violation or incident of noncompliance, they can escalate the matter to an immediate supervisor or the VP of People and Culture. Employees are also given the opportunity to provide their anonymous feedback on employment conditions through an annual, third-party industry questionnaire, which assesses and ranks home builders to identify

“employers of choice”. Any problem arising with projects, staff, clients, or suppliers, are addressed within managers’ meetings. Any issues addressed or problems that arise within the company are brought to the VP of People and Culture.

- b) Employee Code of Conduct Acknowledgement: During onboarding, signing the Code of Conduct demonstrates an employee’s understanding and commitment to policies contained within the document. Employees are required to review and acknowledge any changes in policies or procedures on an annual basis.

Supplier Activities

- a) Vendor Information Form: Cantiro requires its supplier to provide a completed Vendor Information Form which contains the contact and compensation information, certificate, and insurance where they are underwritten on policy.
- b) Vendor Monitoring: Throughout the contract, Cantiro’s site supervisors and third-party consultants monitor supplier activities to ensure they are adhering to the terms of the contract.

Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

Cantiro is committed to preventing forced and/or child labour within the Company’s operations. The Company is committed to engaging with its employees, suppliers and other stakeholders on these matters and continues to strengthen its approach to reducing the risks associated with forced and/or child labour in the Company’s business and supply chains, while ensuring compliance with applicable labour laws.

During the 2023 fiscal year, Cantiro has:

- Completed mapping of its supply chains and found that there is very low origin risk of the goods and services that it procures for its construction activities;
- Conducted an internal assessment of risks of forced labour and/or child labour in the organization’s activities and supply chains;
- Gathered information on worker recruitment and maintenance of internal controls to ensure that all workers are recruited legally and voluntarily;
- Further developed and improved existing grievance mechanisms by providing an anonymous whistleblower line for its employees. This line provides good faith reporting of noncompliance observed by employees in the workplace;
- Developed and implemented training and awareness exercises to prevent human rights violations which includes forced labour and/or child labour; and
- Identified and assessed adverse impacts in operations, supply chains and business relationships.

For the current 2024 fiscal year, Cantiro will explore the opportunity to:

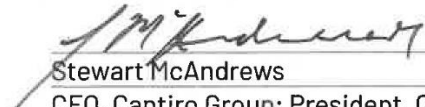
- Conduct an internal assessment of risks of forced labour and/or child labour in the organization’s activities and supply chains;
- Develop and implement an action plan for addressing forced labour and/or child labour;
- Develop and implement due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization’s activities and supply chains;
- Develop and implement anti-forced labour and/or -child labour contractual clauses;
- Develop and implement anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists;

- Enact measures to provide for, or cooperate in, remediation of forced labour and/or child labour;
- Engage with supply chain partners on the issue of addressing forced labour and/or child labour;
- Embed responsible business conduct into policies and management systems;
- Track implementation and results;
- Establish policies to prevent forced labour or child labour and associated harms from occurring;
- Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child 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 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.

CANTIRO GROUP

Per: 
Name: Stewart McAndrews
Title: CFO, Cantiro Group; President, Cantiro Investment Properties
Date: May 31, 2024

I/We have authority to bind the corporation.