

Cedarglen Living Inc.

Forced Labour and Child Labour in Supply Chains Company
Assessment

Table of Contents

Executive Summary.....	1
Introduction.....	1
Structure, Activities & Supply Chain	1
Policies and Due Diligence	2
Risk Assessment.....	4
Remediation of Forced and Child Labour.....	5
Awareness Training.....	5
Assessing Effectiveness.....	6
Steps Taken to Prevent Risk of Child Labour or Forced Labour	6
Conclusion	7

Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

The measures introduced through 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), aim to increase industry awareness and transparency and drive businesses to improve practices. There are seven mandatory reporting areas that must be investigated and reported on which include:

- Its structure, activities and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

Introduction

This report is Cedarglen Living Inc.'s ("Cedarglen" or "the Company") 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).

Cedarglen satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

The financial reporting year of Cedarglen covered by this report is March 1, 2023, to February 29, 2024.

Cedarglen Living Inc. actively engages with and supports its community by participating and funding local initiatives.

Structure, Activities & Supply Chain

Structure

Cedarglen Living Inc. operates as a corporation (Business Number 818502247) with its headquarters located at Suite 100, 115 Quarry Park Road SE, Calgary AB T2C 5G3. The Company conducts all their operations and sales in Calgary Alberta.

The company employs approximately 37 employees with various roles such as accounting, sales, purchasing, estimating, design and field construction.

Activities

Cedarglen Living is a residential builder and developer, specializing in multi-family homes, townhomes, and condominium complexes.

Supply Chain

To support the development of multi-family homes, all of Cedarglen Living's suppliers are located within Canada 67% of this network located in Calgary, Alberta.

This supplier network ensures quality construction material, and contracting services to meet growing housing demands effectively. Products procured include glass, cement, ceramics, locks, and nails. Services include outsourcing of contractors such as consultants, architects, engineers, and landscapers.

See Figure 1 for the percentage allocation of Cedarglen Living procurement as it relates to construction material versus contracted services.

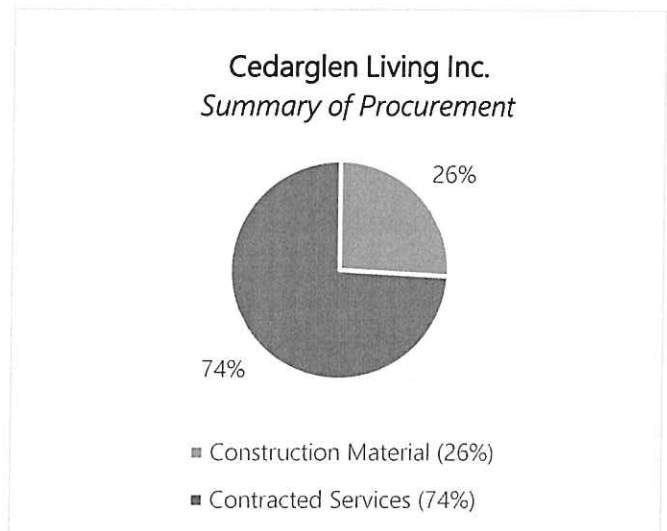


Figure 1: Summary of Procurement

Policies and Due Diligence

Current Policies & Procedures

Cedarglen Living Inc. has the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and their supply chain.

Internal Policies

Cedarglen provides a safe and welcoming workplace by outlining policies and procedures centered around ethical treatment of employees aligned with the Alberta Employment Standards Code. They outline these actions in their Policies and Procedures Manual through the following policies.

Employment Policy

Cedarglen's employment policy provides details about Cedarglen's recruitment and selection process, and the set hours of work to ensure transparency and fairness towards applicants and employees. In section 1.3 of their Manual, covering employment offers, the company states that: "Cedarglen Living believes it is important to clearly establish the terms and conditions of the employment relationship in order to prevent any misunderstanding between employer and employee".

Pay and Performance Policies

The Company's Pay and Performance Policies ensure that employees understand their pay structure, how they will be paid, and employees are encouraged to review their payslips regularly to ensure fair and accurate payment of their hours worked. Additional increments such as overtime and mileage are clearly stated and follow the Alberta Employment Standards Code and Canada Revenue Agency standards. The vacation policy provides a reference for fair entitlement to vacation for both salaried and hourly employees.

Workplace Harassment and Discipline Policies

The Workplace Harassment Policy outlines procedures for employees to formally report harassment in the workplace, providing a safe environment for all staff to voice any discriminations or barriers to their responsibilities occurring in the company. Investigative procedures are undertaken to assess the situation, appropriate steps to resolve the issue are identified, and then Cedarglen works with the employee to resolve the issue. During performance reviews and disciplinary actions, managers also consider whether the concern is due to employee error or management deficiencies, such as inadequate training, in which case further training and clarification of expectations is provided to the employee.

Health and Safety Guideline

There is a dedicated section within the manual providing guidance for health and safety for all employees on work sites, including guidance that proper Personal Protective Equipment ("PPE") is required at all times.

Though forced labour and/or child labour are not explicitly stated within the document, aspects and clauses of the document speak directly to the ethical treatment, safety and respectful behaviour of

employees.

Due Diligence

Onboarding Process

When hiring a new employee, Cedarglen Living Inc. identifies a need for the role and defines the scope of the role before advertising for positions. Cedarglen's consistent growth and considered hiring process, has provided a job stability for their staff. Upon hire, Cedarglen provides an onboarding process, which includes reviewing the Policies and Procedures Manual and then employees sign to acknowledge that they have read and acknowledge receipt and understanding of the policies and procedures outlined. Whenever there is a significant change in these documents, employees are required to read and again sign to show receipt of the new information. In the event of a major policy change, a formal meeting is held to review this information with affected team members.

Employees are also provided with task-specific training and are at liberty to request additional training to ensure they have clear understanding of the work they are required to perform.

Though it is not currently a requirement for candidates to provide proof of identification, Cedarglen confirms their youngest staff is 18-years old.

Within the Policies and Procedures Manual and in the onboarding process, employees are encouraged to speak to their supervisor or to the managers in confidence should they have any concerns.

This onboarding process has aspects related to the prevention of forced labour and or child labour through the encouragement of professional behaviour and safety conduct designed to keep individuals and team members safe from workplace harm or injury.

Supplier Contracts

When choosing suppliers to engage with, Cedarglen Living Inc. prioritizes local vendors, considers values alignment, ethical practices, community reputation, past performance, commodity pricing, and the likelihood of delivery. Although there is no language that specifically speaks to child labour or forced labour; before signing an agreement with the company, suppliers are required to provide a signed Letter of Intent (LOI), Certification of Recognition/Customer Safety Policy (COR), proof of Workers Compensation Board (WCB) coverage, proof of insurance, a signed copy of Cedarglen Living Inc.'s scope of work and safety documents, and a completed Vendor Information Form which contains the contact and compensation information, certificate and insurance where they are underwritten on policy. The documents are reviewed and approved before the quoting process begins and an interview is conducted to determine if the vendor is the right fit for the current project. Cedarglen ownership values integrity and selects vendors who are aligned to this principle. Once a contract is signed, a Purchase Order is provided for payments.

Risk Assessment

A risk assessment over Cedarglen Living Inc. industry of operation, goods procured, and countries goods are procured from has been performed over material direct suppliers. For the purposes of this report, material suppliers are those who account for at least 1% or more of Cedarglen's total procurement spend during the 2023 fiscal year.

This risk assessment used two separate indices to conclude on the 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 Labor or Forced Labor*.

Industry of Operations

Cedarglen Living Inc. operates within the construction industry, specializing in multi-family and townhome developments. Given the two indices noted above have identified risks of child labour and/or forced labour inherent to the products procured below, it is concluded that this industry has an inherent risk exposure.

Countries Goods are Procured From

Cedarglen does have visibility into where their suppliers' operations are based. The risk assessment was based on this data.

Canada is the only identified country for where goods are procured from. The suppliers operate within the country which, based on the two indices, has a lower risk exposure of child labour and/or forced labour.

Goods Procured

The products which Cedarglen Living utilizes fall into the categories of construction materials for home development. Using the two indices, an inherent risk of forced and/or child labour has been identified among the following categories of goods:

1. Cement: concrete
2. Ceramics
3. Glass: windows
4. Granite
5. Iron
6. Locks
7. Nails
8. Rubber
9. Timber: cribbing, flooring, lumber
10. Electronics; light fixtures,

All other remaining goods procured pertain to a contracted service and therefore are not specifically identified within the two indices. It has been concluded that these services have a low-inherent risk exposure. Further analysis and understanding by Cedarglen will be undertaken to mature our approach

to identifying and reducing the risk of child labour or forced labour.

Remediation of Forced and Child Labour & Vulnerable Family Income Loss

To date, there have been no instances identified by the Company of forced labour or child labour within their activities or supply chains. Therefore, Cedarglen Living Inc. has not 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.

Risk management is built into Cedarglen's core operations. Cedarglen has built a well integrated team of suppliers and service providers to ensure there aren't interruptions and problems. Generally, there are preferred trades groups, and a built-in allowance in scheduling and crew scaling to offset potential employee departures. Cedarglen Living Inc. cares about maintaining our reputation within the community and continued interest in our reputation as a developer of choice. If there is suspected misconduct with a supplier, Management discusses the issue and makes recommendations on the current and future work with that supplier.

Awareness Training

Cedarglen Living Inc. does not currently have awareness training directly related to child labour or forced labour; however, other measures and behavioural expectations to support the ethical treatment of their employees are outlined.

Training is very role specific; Cedarglen provides training on proper on-site machinery operation and safety/first aid immediately after hiring new staff. This training is especially important for younger staff, defined as those who begin their construction careers shortly after graduating high school. As roles and individual skill development progresses, more industry specific training related to construction and safety are provided. Different courses are recommended depending on the individual's career progression.

Cedarglen Living Inc. prioritizes growth within the company and, with that, target a younger applicant pool, focusing on new post-secondary graduates. This unique technique provides the graduates with an opportunity to grow and learn Cedarglen's culture organically, moving up within the company, and then grow to train others, in turn about the culture and expectations. In terms of office-wide training, Cedarglen offers a workplace safety orientation for new office staff that covers topics such as fire exits and extinguisher locations. In an effort to provide transparency to their employees, Cedarglen hosts a quarterly meeting to discuss company health and development and, identify gaps and how to address them.

Cedarglen Living Inc.'s upholds values in "family first", integrity and honesty through their hiring techniques, onboarding processes, and promotion of good corporate citizenship. These values show

why many employees have stayed with the company since its fruition ten years ago.

Cedarglen Living recognizes the opportunity to enhance employee training relevant to this Act, therefore, will be evaluating applicable training for staff in the foreseeable future.

Assessing Effectiveness

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

Internal Activities

1. Reporting on Incident Management: If an employee has an issue, they can bring it to a supervisor or to Cedarglen's Controller. 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 problem that arise within the company are brought to the Controller.
2. Policies and Procedures Manual Acknowledgement: During employee onboarding, signing the Policies and Procedures manual demonstrates their understanding and commitment. Employees also review and acknowledge any changes in policies or procedures.

Supplier Activities

1. Vendor Information Form: Cedarglen Living Inc. requires their supplier to provide their LOI, COR Certification/Customer Safety Policy, proof of WCB, a signed copy of Cedarglen Living Inc. scope of work and safety documents, and a completed Vendor Information Form which contains the contact and compensation information, certificate, and insurance where they are underwritten on policy.
2. Vendor Monitoring: Throughout the contract, Cedarglen Living management monitors supplier activities to ensure they are adhering to the contract.

Steps Taken to Prevent Risk of Child Labour or Forced Labour

Cedarglen Living Inc. has taken the following steps to prevent and reduce the risk of child labour or forced labour:

1. Mapping supply chains: As part of this report, Cedarglen has mapped their supply chain to complete a risk assessment to align with the Act.


- 2. Conducting an internal assessment of risks of forced labour and/or child labour in the organization’s activities and supply chains: As part of this report, Cedarglen has identified risks within their activities and supply chain that have inherent risks of child labour and/or forced labour. Cedarglen recognizes the need to further develop this risk assessment process to expand beyond evaluating tier 1 suppliers as well as gathering additional information on source countries and goods, to fully assess this risk across the supply chain.
- 3. Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily: Cedarglen has an explicit policy related regarding a transparent recruitment process.

Conclusion

Given that Bill S-211 is a new act, Cedarglen Living Inc. plans to refine its internal processes by updating policies, procedures, supply chain management processes and awareness training to employees to meet requirements of this Act. The progress for these initiatives will be reported in the next reporting period.

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.

<u>COLE HAGENJ</u>	
Full Name	Signature
<u>President/owner / Director</u>	<u>May 22, 2024</u>
Title	Date

I have the authority to bind *Cedarglen Living Inc.* and this report covers financial year March 1, 2023 to February 29, 2024 and applies to *Cedarglen Living Inc.* and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of *Cedarglen Living Inc.* if they apply.