



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

Modern Slavery Statement for the Financial Year ended September 30, 2023

This statement is made pursuant 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. This statement outlines the approach and initiatives by **Guild Electric Ltd, Fortran Traffic Systems Ltd, Sunup Realty Inc, and Traffic Hardware & Design Inc.**, collectively the “**Guild Group**”, to identify and address the risks of forced labour and child labour in its business operations and supply chains during the financial year commencing **October 1, 2022** and ending **September 30, 2023**.

Guild Group makes every effort to fulfill our responsibilities as good corporate citizens. We regularly review our environmental, social, and governance (ESG) practices and adjust them as necessary. We encourage diversity and inclusion throughout our businesses; we maintain comprehensive programs dedicated to the safety of our employees; we continually evaluate our processes to improve sustainability; we screen our supply chain to ensure those businesses conform to ethical labour guidelines; and we strive at all times to make a positive contribution to the communities in which we do business.

Group Structure

Guild Electric Ltd was established almost 70 years ago and incorporated on September 28 1984 in Ontario, Fortran Traffic Systems Ltd was incorporated on September 24, 1979, Sunup Realty Inc was established in 1978 and incorporated on October 01, 2003 and Traffic Hardware and Design Inc was incorporated October 10, 2014.

The companies trade under their individual names and the group corporate office is located at **470 Midwest Road Scarborough ON M1P 4Y5**. Attached company organisational chart which illustrates that the companies share the same ownership group; however, they are managed and operated independently within the Construction, Traffic Control, and Property Management industries.

Supply Chain

Understanding Guild Electric Ltd.'s purchasing practices regarding its supply chain and subcontractors provides insights into how the company manages its procurement activities, especially in balancing the preference for local sourcing with occasional needs to source from outside the country.

Guild Group prioritizes sourcing materials, equipment, and services from local suppliers and subcontractors whenever possible. This approach supports the local economy, fosters relationships within the community, and often reduces logistical challenges and costs associated with international sourcing.

It also facilitates faster response times as local suppliers can often provide shorter lead times for orders and support services, minimizing delays on our projects.



Transportation costs also tend to be lower because sourcing locally may reduce transportation costs and mitigate the risks associated with international shipping, such as customs delays or import/export regulations as well as reducing the group's exposure to foreign exchange fluctuations.

The proximity aspect of local sourcing also allows for improved communication and closer oversight of suppliers and subcontractors, promoting collaboration and ensuring compliance with quality standards and project requirements.

Despite the group's preference for local sourcing, we recognize that there are instances where we may need to source materials, equipment, or specialized services from outside the country which forces the group to transact internationally. This is usually due to the requirement on a project for a unique or specialized component or material. Certain materials or equipment may not be readily available locally or may only be produced by international manufacturers.

Additionally, in some instances, sourcing internationally may offer cost advantages, particularly for large-scale projects or specialized components where economies of scale can be realized.

The group may need to engage international subcontractors with specific expertise or experience that is not available locally. When engaging in international sourcing, Guild Group takes the following proactive steps to manage the associated risks, including:

Conducting thorough due diligence before partnering with international suppliers or subcontractors, to assesses their reliability, reputation, compliance with regulations, and ability to meet our quality standards.

We also strive to ensure that they are legally and regulatory compliant with the laws and regulations governing manufacturing policies and trade in their jurisdiction and internationally; including but not limited to import/export requirements, trade restrictions, and labor standards, in our best efforts to mitigate legal and compliance risks.

As part of doing business internationally we are also cognizant of and seek to address cultural differences and language barriers to facilitate effective communication and collaboration with international partners.

Guild Group maintains a diverse network of suppliers and subcontractors, both locally and internationally. The company fosters strong relationships with its suppliers and subcontractors, emphasizing transparency, trust, and collaboration to ensure alignment with its values and business objectives. We adhere to the philosophy that supplier diversity and relationship management are key success factors in mitigating the risks associated with over-reliance on specific vendors or regions.

Overall, Guild Electric Ltd. adopts a strategic approach to procurement that prioritizes local sourcing while remaining flexible to leverage international suppliers and subcontractors when necessary to meet project requirements and strategic objectives. This approach enables the company to balance operational efficiency, cost-effectiveness, and risk management in its supply chain practices.

Risks in Supply Chain

At Guild Group we have always been committed to respecting human rights and ensuring that forced labour and child labour is not a part of any product within our supply chain. Historically, we have never felt that required creating a policy or procedure as it was simply best business



practice from our perspective. The introduction of Bill S-211 has made it incumbent upon us to conduct a more pervasive and in-depth review of our practices and the potential risks of, and associated with, modern slavery and forced labor within our supply chain. As a consequence of our assessment, we have recognized that the absence of a more formalized policy addressing modern slavery and forced labor in Guild Group's supply chain can expose the company to various risks. These risks can be grouped into the following broad categories:

- Legal and Regulatory
- Reputational
- Supply Chain
- Financial
- Human rights impact
- Loss of competitive advantage

Legal and Regulatory Risks

Without a policy in place, Guild Group may fail to comply with legal requirements related to modern slavery and forced labor. Many countries, including Canada, have enacted legislation requiring companies to take steps to prevent and address these issues in their supply chains. Failure to comply with such laws can result in fines, legal action, and reputational damage.

Reputational Risks

Stakeholders, including customers, investors, and advocacy groups, increasingly expect companies to demonstrate a commitment to ethical business practices, including the prevention of modern slavery and forced labor. The absence of a policy or clear stance on these issues can lead to negative publicity, damage to the company's brand reputation, and loss of consumer trust.

Supply Chain Risks

Modern slavery and forced labor in the supply chain can disrupt operations, leading to delays, quality issues, and increased costs. Without a policy to identify and address these risks, Guild Group may inadvertently source materials or services from suppliers or subcontractors engaged in exploitative practices, which can have adverse effects on business continuity and performance.

Financial Risks

In addition to potential fines and legal costs, the financial implications of modern slavery and forced labor in the supply chain can include increased procurement costs, supply chain disruptions, and loss of business opportunities if we are seen to be noncompliant with current business codes of conduct in this area. Addressing these issues retroactively can be more costly than implementing preventive measures proactively.

Human Rights Impact

Failing to address modern slavery and forced labor in the supply chain can have significant human rights implications for workers involved. By not having a policy in place to prevent and mitigate these risks, Guild Group may inadvertently contribute to the exploitation and suffering of vulnerable individuals within its supply chain.



Loss of Competitive Advantage

Companies with robust ethical sourcing policies and practices often gain a competitive advantage by attracting customers, investors, and partners who prioritize sustainability and responsible business conduct. Without a policy addressing modern slavery and forced labor, Guild Group may lose out on opportunities to differentiate itself in the market and attract socially conscious stakeholders.

Actions Taken

Guild Electric is committed to ethical business practices and upholding human rights across our operations and supply chain. As part of this commitment, our Purchasing Department has established this policy to address the issue of modern slavery.

Modern slavery encompasses forced labor, human trafficking, servitude, and other forms of exploitation, and we are dedicated to ensuring that such practices have no place in our supply chain.

Vendor Requirement

Effective June 1st, 2024, Guild Electric will require all vendors and suppliers to have policies and procedures in place to address modern slavery within their own operations and supply chains. Vendors must provide documentation of their policies and demonstrate compliance with relevant laws and regulations regarding modern slavery (several of our major vendors have already provided documentation detailing their policies around this issue).

Due Diligence

The Purchasing Departments will conduct due diligence on all vendors to assess their adherence to this policy. This includes reviewing vendor policies, practices, and procedures related to modern slavery and assessing the effectiveness of their efforts to prevent and address these issues.

Supplier Evaluation

Vendors will be evaluated not only on the quality and cost-effectiveness of their products and services but also on their commitment to ethical business practices, including the prevention of modern slavery. Non-compliance with this policy may result in the termination of vendor contracts or refusal to conduct business with the vendor.

Collaboration and Support

Guild Group is committed to working collaboratively with vendors to address any concerns or issues related to modern slavery. We will provide support and guidance to vendors seeking to improve their practices and uphold human rights within their operations and supply chains. Continuous Improvement: The Purchasing Department will continuously review and update this policy to reflect changes in legislation, best practices, and emerging risks related to modern slavery. We will seek opportunities for improvement and innovation in our efforts to combat this issue.



Communication

Guild Group will communicate this policy to all vendors and suppliers, as well as internally to our employees. We will also communicate our expectations regarding compliance with this policy and the consequences of non-compliance.

Compliance

Compliance with this policy is mandatory for all vendors and suppliers conducting business with Guild Group. Failure to comply may result in the termination of contracts or other appropriate measures.


Guild Group is dedicated to fostering a supply chain that is free from modern slavery and exploitation. Through the implementation of this policy, we reaffirm our commitment to ethical business practices and the protection of human rights.

Sign off

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year ending 30/09/2023. It has been issued on behalf of the Guild Group and approved by Guild Group's board of directors.
Signed,



Director(s) Signature



Date