

HIGHSTREET

Highstreet Owners LP and related entities.

Supply Chain Risk Report

Summary

The Canadian Government passed Bill S-211 on May 23, 2023, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* or *Modern Slavery Act*, which aims to protect vulnerable populations from human rights violations and exploitation, both locally and abroad. The Act encourages Canadian businesses to place an emphasis on the social aspect of their ESG policies while becoming a primary component of their overall business strategy.

Effective, January 1, 2024, the Act requires that specific businesses in Canada submit an annual supply chain risk report to the Minister of Public Safety by May 31st and make the report publicly available on their website. The report must highlight the steps that were taken during the previous fiscal year to prevent and reduce the risk that forced or child labour is used at any step of the production of goods in Canada or elsewhere by the business, or of goods imported into Canada by the business.

The Act establishes reporting requirements that will overlap with international jurisdictions including Australia and the UK, while other regions continue to implement similar reporting requirements to align with international ESG reporting standards.

Introduction

Highstreet is pleased to provide a report on our best practices related to modern slavery and the results of our internal risk assessment. We are confident that when developing and managing the homes we create our supply chains do not engage in any forms of direct or indirect modern slavery practices, with our overall risk profile being low to medium.

Highstreet produces real property (specifically, the consolidated structure of Highstreet Owners LP) which falls within the thresholds of the Act, as we are an entity that indirectly develops, constructs, sells and manages communities it keeps within Canada.

Our Business

Highstreet is a sustainable real estate developer based in British Columbia, Canada, retaining seven (7) of our properties as rentals operating under staff management. Highstreet currently has four projects under construction in BC.

We pride ourselves on the development of a quality product while choosing to implement building standards that are not yet widely used, which ensures our product is made to the highest standard. Our focus is on responsible real estate development that embraces innovative engineering solutions, which may cost more, but improves the overall value of the end product and its impact on the environment.

Highstreet is the developer and general contractor in the construction of our condo buildings, which means that most of the actual construction and related procurement activities are completed by our selected subcontractors. For example, Highstreet will hire a roofing contractor to provide the roofing materials and the associated labor required to perform the installations for the project. Highstreet relies on an honest and transparent relationship with its general contractors and works with those that align in values.

Our internal risk assessment focuses on the development and construction segment of the business. The rental segment of the consolidated business does not fall within the scope of the Act and has an inherently low risk of being associated with modern slavery practices.

Risk Assessment

Following internal discussions with the senior project management teams the following segments of the construction process are divorced from the selection of materials and any associated labour. Highstreet will hire the labour components as the sole contractor but will secure the material independently. Below is a listing of those supplies sourced directly by Highstreet and justification of our risk assessment:

Separate Labour and Supply

Concrete

*Risk of forced labor: **LOW***

Justification: Concrete supply, on the scale that Highstreet installs it, is something that is manufactured and transported to site locally via concrete plants. The risk of forced labor is minimal because the vendors are Canadian based businesses servicing a larger population center (where Highstreet builds). There have been no indications of forced labor for concrete supply noted by the employees of Highstreet.

Lumber

*Risk of forced labor: **LOW***

Justification: Lumber supply (specifically soft wood lumber), on the scale that Highstreet installs it, is something that is sourced and typically milled locally. Depending on the source, Canada ranks consistently in the top 3 softwood lumber producers in the world. The risk of forced labor is minimal because the vendors are Canadian based businesses and there is ample Canadian based supply. There have been no indications of forced labor for lumber supply noted by the employees of Highstreet.

Finish Carpentry Material (milled)

*Risk of forced labor: **LOW to MEDIUM***

Justification: Finish Carpentry Material (i.e. baseboards, moldings, casings, doors), on the scale that Highstreet installs it, is something that is typically milled in Canada. However, we do purchase these milled supplies from a wholesaler and there may be some overseas supply (i.e. China). It is difficult to assess whether these potential overseas supplies operate in plants that have forced labor. As such we will rely on our wholesalers' disclosure under this mandatory reporting. However, there have been no indications of forced labor for finish carpentry supply noted by the employees of Highstreet.

Windows

*Risk of forced labor: **LOW***

Justification: Window supply, on the scale that Highstreet installs it, is something that is manufactured typically in Canada and the United States. The risk of forced labor is minimal because the vendors are Canadian / US based businesses that are large in scale and service the Canada / US market and operate under each countries strict labor laws. There have been no indications of forced labor for window supply noted by the employees of Highstreet.

Siding

*Risk of forced labor: **LOW***

Justification: Purchasing siding directly is a newer venture for Highstreet and is mostly limited to cement fiber board, commonly referred to as Hardie Board. Hardie Board supply, on the scale that Highstreet installs it, is something that is manufactured typically in Canada. The risk of forced labor is minimal because the vendors are Canadian based businesses that are large in scale and operate under strict Canadian labor laws. There have been no indications of forced labor for Hardie Board supply noted by the employees of Highstreet.

The remaining portion of building supplies are procured in conjunction with Highstreet's trusted vendors. HVI will rely upon the purchasing power of our trade partners to secure their material supply and quote their portion of work on a labor and material basis. Below is a listing of those supplies sourced *inclusive* of the associated labour:

Combined Labor and Supply

Painting (Interior & Exterior)

*Risk of forced labor: **LOW***

Justification: We hire painters on a labor and material supply basis (in this case, paint). Canada and the USA have very robust paint and coating manufacturing capabilities. See Stats Canada link [Paints and Coatings Industry Profile - Canadian chemical industry \(canada.ca\)](#). It would be unlikely that a local painter would procure goods from a retailer that sources paint and coating material from manufacturers outside of Canada and the US. As such we will rely on our wholesalers' disclosure under this mandatory reporting. However, there have been no indications of forced labor for paint and coating supply noted by the employees of Highstreet.

Wire and cabling

*Risk of forced labor: **LOW to MEDIUM***

Justification: We hire electricians on a labor and material supply basis (in this case, electric wire). Canada and the USA have robust wire manufacturing capabilities. However, there are large overseas manufacturing bases for electrical wiring. It would be unlikely that a local electrician would procure goods from a retailer that sources wire material from manufacturers outside of Canada and the US, but it is possible. As such we will rely on our vendors' disclosure under this mandatory reporting. However, there have been no indications of forced labor for wire and cable supply noted by the employees of Highstreet.

Plumbing material (PEX, PVC, Copper)

*Risk of forced labor: **LOW to MEDIUM***

Justification: We hire plumbers on a labor and material supply basis (in this case, plumbing material supply including but not limited to, PEX pipe, PVC pipe, and copper pipe). Canada and the USA have robust plumbing manufacturing capabilities for plumbing supply. However, there are large overseas manufacturing bases for plumbing material. It would be unlikely that a local plumber would procure goods from a retailer that sources plumbing material from manufacturers outside of Canada and the US, but it is possible. As such we will rely on our vendors' disclosure under this mandatory reporting. However, there have been no indications of forced labor for plumbing supply noted by the employees of Highstreet.

Major appliances (Dishwashers, Fridges, Electric Ranges, Washer & Dryer, Microwave)

*Risk of forced labor: **LOW***

Justification: We hire a variety of trades on a labor and material supply basis to install major appliances in the units (in this case, dishwashers, fridges, electric ranges, washer and dryers, and microwaves). The USA has robust major appliance manufacturing capabilities. There are major GE plants in Kentucky and Alabama. Samsung has major plants in South Carolina and Texas. Whirlpool has major plants in Michigan, Tennessee, Ohio, Indiana, and Massachusetts. It would be unlikely that a local supplier would procure goods from a retailer that sources major appliances from manufacturers outside of the US, but it is possible. As such we will rely on our vendors' disclosure under this mandatory reporting. However, there have been no indications of forced labor for major appliance supply noted by the employees of Highstreet.

Civil Earthworks (Underground Utilities, Sand, and Aggregates)

*Risk of forced labor: **LOW***

Justification: We hire a variety of civil earthworks contractors to prepare our various construction sites on a labor and material supply basis (in this case, underground services and sand / gravel supply). The risk of forced labor is minimal because the supply is easily sourced locally, and it would be cost prohibitive to source elsewhere. There have been no indications of forced labor for sand and aggregate supply noted by the employees of Highstreet.

Flooring (Carpet and LVT (luxury vinyl tile)

Risk of forced labor: LOW to MEDIUM

Justification: Most north American carpet is manufactured in the US (specifically, the state of Georgia). The risk of forced labor here is minimal given the stringent labor standards in the US. Luxury Vinyl Tile (LVT) is predominately manufactured in China. This means that there could be some forced labor within the products we purchase, assuming forced labor practices exist in China. However, Highstreet would have no way of determining if true. As such we will rely on our vendors' disclosure under this mandatory reporting. However, there have been no indications of forced labor for carpet and LVT supply noted by the employees of Highstreet.

Drywall (gypsum board)

Risk of forced labor: LOW

Justification: Most to all drywall installed in Canada is manufactured in several facilities throughout Canada and the US. The risk of forced labor in these facilities is low given the stringent labor laws in both Canada and the US. We will rely on our vendors' disclosure under this mandatory reporting. However, there have been no indications of forced labor for carpet and LVT supply noted by the employees of Highstreet.

There are many other components and materials that are installed throughout the construction process at HVI, however, we believe our list captures the majority of significant materials and vendors utilized. For all others, we rely on our vendors' disclosure under the Act's mandatory reporting requirement. There have been no indications of forced labor in any other material or vendor used by HVI.

Conclusion

Highstreet researched the above-listed components and has found no indication of forced labor throughout any of the materials used in the construction of our buildings. We understand that there is no way of knowing for certain as some materials or products are manufactured outside of Canadian or US jurisdictions, where labor laws are presumably not as robust.

If the Global Affairs department of the federal government is aware of forced labour being used in other countries to produce any products that are imported to Canada, our suggestion is that various policy tools are used to prevent these products from being imported to Canada. Rather than pretending that small businesses like ours can actually go and investigate a factory in some foreign jurisdiction and be shown what is actually going on, we submit that the onus is on the vast bureaucracy of the government to understand if there is forced labour in other jurisdictions. Further, if Canada is actually going to do anything about it (as presumably it already knows where all the problems are), it should be done at the nation-to-nation level.

This report has been approved by Highstreet's Chairman:

Scott Butler, Chair



Date: May 28/24

