

Randall Homes Ltd.'s Annual Report for the year ending December 31, 2023 on the Prevention and Reduction of Risks of Modern Slavery

May 27, 2024

This report is issued in accordance with *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). The Act requires companies, such as ours, to publish an annual report setting out the steps it has taken to ensure that modern slavery is not operating within its supply chains.

The report will outline our due diligence in ensuring that modern slavery has no place in our supply chain, the steps being taken to ensure that Randall Homes Ltd.'s employees are aware of the risks of modern slavery, how to identify risk factors associated with modern slavery, and the steps that can and should be taken to remediate instances of modern slavery, if discovered, within our supply chain.

Randall Homes Ltd. prides itself on operating ethically and with integrity in its business dealings. This is something that all stakeholders in Randall Homes Ltd.'s business operations have come to expect, be it our customers, employees or business partners. In this regard, we continue to strive to be a responsible corporate citizen, including our adherence to this new legislation.

Organization and Structure

Randall Homes Ltd. is a home building company, founded and incorporated in Manitoba. It operates exclusively within Manitoba and maintains its headquarters in Winnipeg, Manitoba. The company is privately owned by members of the Jaquet family, a well-known home building family for the past nearly half-century.

Activities

The primary business is in the acquisition of single-family dwelling lots, construction of single-family homes on those lots and selling them to third parties. From time to time, Randall Homes Ltd. will also acquire land to develop multi-family dwelling lots, with a view to constructing either duplex or condominium dwellings.

Supply Chains

The supply chains of a home building company are complex and encompass a wide range of materials, products, and services. Below is an overview of the key components typically found in our supply chain:

1. Raw Materials: lumber and wood products used in framing, flooring and roofing; concrete and cement in foundations, driveways and sidewalks; steel and metal products used in reinforcement bars, structural steel for framing, and other metal components; bricks and masonry for exterior walls and decorative elements; aggregates, such as sand, gravel and crushed stone used in preparing a site for construction, base layers for driveways and sidewalks and landscaping.

2. Manufactured Products: windows and doors, including frames and hardware; insulation; drywall and related supplies, such as 'mud' and tape; flooring materials such as hardwood, laminate flooring, tile, carpet and vinyl flooring; roofing materials, such as shingles, eavestroughs and downspouts.

3. Fixtures and Fittings: plumbing fixtures such as pipes, faucets, sinks, bathtubs, showers and toilets; electrical fixtures, including wiring, outlets, switches, light fixtures and circuit breakers; heating, ventilation, air condition components, inclusive of ductwork and thermostats; cabinetry and countertops, including countertops made from granite, marble, quartz, laminate, wood, and other such types of common countertop material.

4. Finishes and Accessories: paints and stains; appliances, such as fridges, stoves, washers, dryers and dishwashers.

5. Software: project management software, CAD design tools, and supply chain management systems.

6. Labour: while not directly employed by Randall Homes Ltd., it contracts with sub-contractors who provide skilled tradespeople like carpenters, plumbers, electricians, masons, roofers, painters and general labourers. We also engage third party contractors for surveying, engineering and other specialized services.

These components collectively form the supply chains of our business, each playing a crucial role in the successful completion of a home. Ensuring ethical practices and compliance with modern slavery regulations across these various supply chains is essential for our overall compliance strategy.

Policies

The company has developed initial policies focusing on anti-slavery measures, including an Anti-Slavery Policy and a Supplier Code of Conduct. These policies will be reviewed and revised regularly, in accordance with our ongoing commitment to combating modern slavery.

Due Diligence

Randall Homes Ltd. recognizes the importance of rigorous due diligence in ensuring the integrity and ethical standards of our supply chain, especially as we do not directly source the materials used in our construction projects. To address this, we have implemented a comprehensive supplier onboarding program where all third-party suppliers are or will be required to complete a detailed compliance questionnaire, focusing on their own efforts to combat modern slavery and uphold ethical labor practices. Additionally, we intend to conduct regular audits and assessments of these suppliers to verify their adherence to our Supplier Code of Conduct. This process includes reviewing their policies, labour practices, and sourcing strategies. While not yet implemented, if we discover a risk from one of our suppliers, we will look to provide training and resources to our suppliers to help them identify and mitigate risks associated with modern slavery within their own supply chains. By establishing these measures, we aim to foster transparency, accountability, and continuous improvement, ensuring that all materials used in our homes are sourced responsibly and ethically.

As we are at the outset of our implementation of this regime, we are compiling the questionnaire's received from the supplier and will thoroughly review and analyze their contents. To-date, we have received completed questionnaires from 60% of our identified suppliers.

Risk Analysis of our Supply Chain for Forced and Child Labour

While we are not aware of any Canadian-based literature on the risks of modern slavery in the construction industry, we have reviewed a report from KPMG in Australia on the risks of modern slavery within Australia. While the report is specific to Australia, we assume that similar risks are applicable to our industry in Canada. This is largely because both countries are experiencing similar patterns in the demand for construction, as well as the origin of many products within the supply chains will be from the same regions around the world. Canada is experiencing a significant growth in construction, thus resulting in an increase demand for base-skill workforce, who,

according to the KPMG report, are vulnerable to exploitative practices, and for raw materials, that again according to KPMG, are sourced from high-risk geographies.

Risk Assessment

Notwithstanding the potential for modern slavery within our industry, as of yet we have not encountered, nor have we been made aware by any of our suppliers, of any modern slavery in our external supply chains. Given the potential for modern slavery in our industry, we will continue to map and evaluate our current supply chains to ensure our suppliers are ethically sourcing their goods and materials and using labour that is paid a fair wage. We are also committed to continuous training and improvement of our employees, as well as reviewing and auditing our suppliers to ensure compliance with all applicable legislation.

Remediation Processes

Randall Homes Ltd. is committed to establishing effective remediation processes to combat modern slavery within our supply chain. We have implemented a confidential reporting mechanism that allows employees, suppliers, and other stakeholders to report any suspicions or evidence of modern slavery without fear of retaliation. This mechanism includes a dedicated email address, reports@randallhomes.net, which is overseen by staff who will be trained in modern slavery compliance, and who will ensure anonymity and confidentiality. Upon receiving a report, we will promptly initiate a thorough investigation to verify the claims. If any instances of modern slavery are confirmed, we will work closely with the affected parties to provide immediate assistance and support to the victims, including ensuring their safety and providing access to appropriate resources and services. Additionally, we will engage with the implicated suppliers to develop and implement corrective action plans, which may include revising their policies, providing additional training, and improving their monitoring practices. Persistent non-compliance may result in the termination of our business relationship with the supplier. Through these remediation processes, we aim to uphold our ethical standards and contribute to the global fight against modern slavery.

We have not yet encountered any circumstances of modern slavery within our supply chain.

Remediation of Vulnerable Family Loss of Income

Not applicable. We have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour within our supply chain.

Training

Randall Homes Ltd. will arrange for online, web-based training for key management personnel, including employees who deal with procurement of our third party suppliers. The training will be sourced reputable suppliers of training in this subject area, and may include accounting and consulting firms such as KPMG and Deloitte, or from known providers within the construction industry in Canada.

Assessing Effectiveness

We are dedicated to ensuring the effectiveness of our compliance regime through continuous monitoring, regular audits, and ongoing training. We will conduct annual reviews of our policies and procedures to incorporate the latest best practices and legal requirements related to modern slavery. Our compliance team will perform periodic audits of our suppliers, focusing on high-risk areas identified during our risk assessments. These audits will help us verify adherence to our Supplier Code of Conduct and identify any areas needing improvement. Furthermore, we will provide continuous training and support to our employees and suppliers to enhance their understanding of modern slavery risks and reporting mechanisms. We will also utilize performance indicators and metrics to track the effectiveness of our compliance efforts, such as the completion rates of supplier questionnaires and the number of reports received through our confidential reporting mechanism. By fostering an environment of transparency and accountability, and by engaging in active dialogue with all stakeholders, we aim to create a robust and dynamic compliance regime that effectively prevents and addresses modern slavery within our supply chain.

Approval

This report has been approved by Randall Homes Ltd.'s board of directors pursuant to Section 11(4)(b)(ii) of the Act.

The undersigned attests that he has reviewed the information contained in this report, and based upon my knowledge and having exercised reasonable diligence, can attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting period listed above.

I have the authority to bind Randall Homes Ltd.

Jason Jaquet, Vice-President

May 27, 2024