



Sundial Homes Limited



Forced Labour and Child Labour in Supply Chains Company
Assessment

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Introduction

Through this report, Sundial Group of Companies (“Sundial”) affirms its compliance with Bill S-211 *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and will note training, due diligence, and operating initiatives to combat forced and child labour. Sundial will develop and implement anti-forced labour and anti-child labour clauses for its contracts with suppliers and distributors and include these in all new contracts moving forward. Sundial will also utilize and amend pre-existing internal policies to ensure compliance with anti-forced labour and anti-child labour legislation. Sundial has conducted a risk assessment for its supply chain and has identified areas with potential risk for forced and child labour. Sundial commits to continuing to monitor suppliers for potential risks of forced and child labour.

This report is the first report generated by Sundial for Bill S-211 compliance and is for the fiscal year ending February 28, 2024.

Structure

Sundial is a home builder that operates through Southern Ontario and the Greater Toronto Area. For 35 years, Sundial has built over 15,000 new homes and 42 communities. Employing 44 employees all based out of Ontario, Sundial has two active unions (CLAC and Local 183). Sundial is required to report on Bill S-211 compliance due to having over \$20 million in assets and over \$40 million in revenue during this past fiscal year.

The structure includes several types of legal entities including limited partnerships, corporations, and joint ventures, reflecting the group’s extensive involvement in real estate development. Key entities within the structure include various development corporations and property holding corporations. The group operates through numerous limited partnerships for different projects.

The Sundial Group of Companies includes the following entities:

Company Name	Company Year-End
Sundial Homes (Carousel) Ltd.	28-Feb
G8 Oshawa Investments Ltd.	31-Dec
Sundial Homes (3 rd Line) Limited	28-Feb
Sundial Homes (4 th Line) Limited	29-Feb
Ajax Audley Developments Limited	31-Oct
White Sun Developments Limited	31-Oct
Sundial Homes (Ajax Audley 1) Limited	31-Oct

Sundial Homes (White Sun 1) Limited	31-Oct
Sundial Homes (Castlemore) Limited	28-Feb
Sundial Homes (Sharon) Limited	30-Jun
Sundial Homes (Davis) Limited	30-Apr
Sundial Homes (Walkers Line) Limited J.V.	31-Jul
Sundial Homes (Green Lane) Limited	31-Dec
Sundial Homes (Caledon) Limited	31-Mar
Sundial Homes (EG Leslie) Limited J.V.	31-Mar
Sundial Homes (Torbram) Limited	31-Mar
Sundial Homes Limited	28-Feb

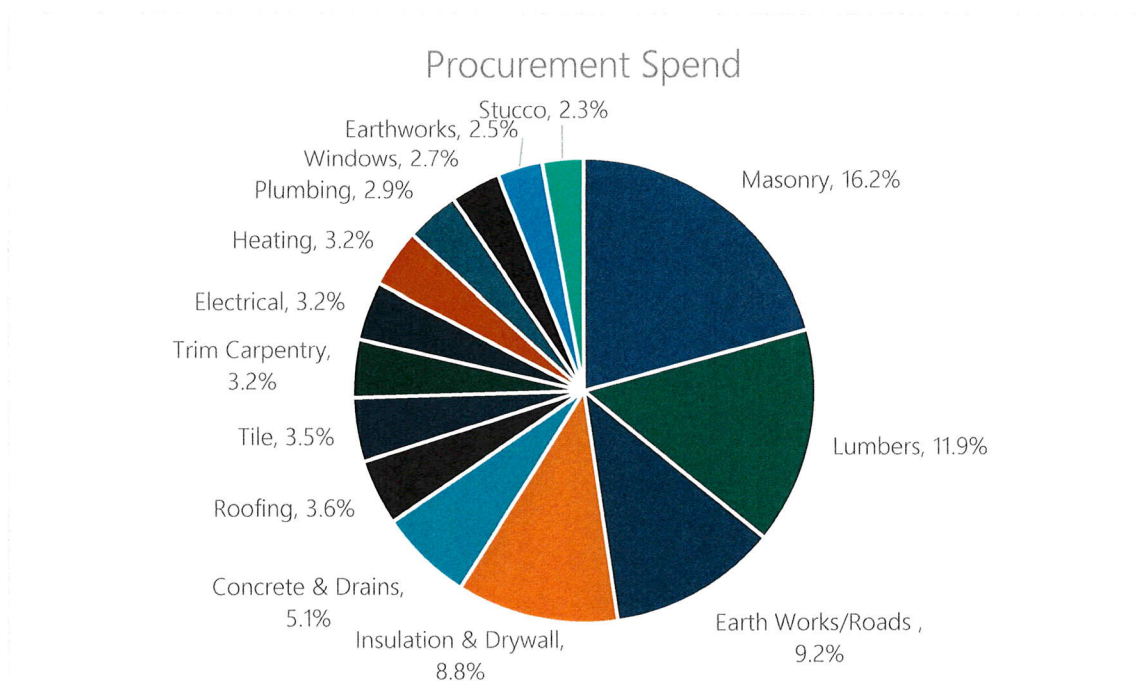
Activities

Sundial is a home builder that operates through Southern Ontario and the Greater Toronto Area. Since 1987, Sundial has built over 15,000 new homes and 42 communities.

Supply Chain

Sundial outsources all its labour to specialized trades. Therefore, procurement spend is for not only goods, but also the services involved with installing features into Sundial's projects. 100% of procurement is sourced in Canada.

The graphic below presents the makeup of our supply chain by good and service pairing, exclusive of any good/service pairing that makes up less than 2% of total spend. In total, Sundial has 117 suppliers across its groups, 13 of which make up more than 2% of its total procurement spend for 2023. A breakdown of major supplies (greater than 2% of total procurement spend) by good/service procured may be found below:



*Not included in this chart are 104 suppliers with respective product procurement spend of less than 2% of 2023's total procurement spend.

Policies & Due Diligence

Current Internal Policies

The Sundial Group uses a standardized Health and Safety manual across all entities within the group. This Health and Safety manual includes a breakdown of all training programs required for different positions within the organization.

Due Diligence Processes

Training and Awareness:

All Sundial employees undergo mandatory training to recognize and respond to instances of violence and harassment. This training is crucial in preventing incidents and ensuring employees are prepared to act appropriately in potential situations, enhancing workplace safety.

Regular Policy Reviews and Updates:

Sundial's policies are reviewed annually with input from the Health and Safety Committee, ensuring they remain relevant and effective. These updates keep the workforce informed and engaged with the latest standards and practices, particularly concerning child and forced labour rules.

Risk Identification & Management

A risk assessment over Sundial’s industry of operation, goods and services procured, and countries goods and services are procured from has been performed over material direct suppliers. This risk assessment used two separate indices to conclude on the inherent risk of child labour and/or forced labour related to goods and countries - Walk Free’s Global Slavery Index and the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor.

Industry of Operation

Sundial operates in the real estate and construction industry. Using the two indices noted above, the construction industry has an inherent risk exposure regarding child labour and forced labour. This does not mean that evidence of forced labour or child labour was found to support this risk analysis. However, there is an increased inherent risk which necessitates closer scrutiny by Sundial to ensure those risks do not flow through to our supply chain and with whom we do business.

Goods and Services Procured and Countries Which They are Procured From

A breakdown of major goods and services procured by Sundial in FY 2023 (greater than 1% of total procurement spend) by location may be found below:

Extreme and High Inherent Risk

Raw Material	Raw Material Risk	Country of Origin	Country Risk	Procurement Spend (%)
Masonry Services	High	Canada	Low	16.2%
Tile	High	Canada	Low	3.5%
Windows	High	Canada	Low	2.7%
Stone Countertops	Extreme	Canada	Low	1.0%

Each of these categories represents contracted services by Sundial – goods are purchased by contractors and services are rendered. 100% of the suppliers above are located in Canada, representing a “Low” risk rating for the first tier of Sundial’s supply chain according to Walk Free’s Global Slavery Index.

Stone products, ceramics, and glass products carry inherent high risk of forced and child labour. **This does not mean that evidence of forced labour or child labour was found to support this risk analysis**, but that there is an increased inherent risk which necessitates closer scrutiny by Sundial to ensure those risks do not flow through to the goods that they procure.

Low Inherent Risk

Raw Material	Raw Material Risk	Country of Origin	Country Risk	Procurement Spend (%)
Lumber	Low	Canada	Low	11.9%
Earth Works/Roads	Low	Canada	Low	9.2%
Insulation & Drywall Services	Low	Canada	Low	8.8%
Concrete & Drains	Low	Canada	Low	5.1%
Roofing Services	Low	Canada	Low	3.6%
Trim Carpentry	Low	Canada	Low	3.2%
Electrical Services	Low	Canada	Low	3.2%
Heating Services	Low	Canada	Low	3.2%
Plumbing Services	Low	Canada	Low	2.9%
Earthworks	Low	Canada	Low	2.5%
Stucco	Low	Canada	Low	2.3%
Painting Services	Low	Canada	Low	1.7%
Aluminum	Low	Canada	Low	1.5%
Landscaping Services	Low	Canada	Low	1.4%
Sodding	Low	Canada	Low	1.3%
Site Servicing	Low	Canada	Low	1.3%
Hardwood	Low	Canada	Low	1.1%
Railings	Low	Canada	Low	1.0%

Mitigating Activities

Mitigating Activities

To mitigate the risk of child labour and forced labour within supply chains, Sundial has an Employee

Health and Safety Manual which establishes guidelines for ethical conduct, reporting channel and methods for any related complaints, and outlines procedures for addressing breaches of the Manual. This Manual is standardized across all entities in the Sundial group.

We will continue to update and evolve our internal employee policies, and supplier procedures and monitoring program to mitigate the risk of child labour and forced labour within our supply chains.

Remediation – Forced & Child Labour & Vulnerable Family Income Loss

Sundial is in the process of discovering the full depth of their supply chain and is continuing to review procurement practices to enhance the rigor of their due diligence processes, including raising awareness with suppliers. To date, Sundial has not identified or suspected any instances of forced labour or child labour within their operations or those of their suppliers. Consequently, no remediation measures were required in respect to forced labour or child labour.

Awareness Training

During the onboarding process for new employees, Sundial conducts Ministry of Labour, Training and Skills Development Health & Safety at Work training. While Sundial's current training programs do not explicitly focus on forced labour and child labour, they will serve as a strong foundation as the organization looks towards future training. By 2025, the organization aims to have 100% of new staff receive mandatory onboarding training on human rights, common causes and consequences of forced and/or child labour, and how to report observed breaches of Human Rights legislation within the company's supply chain.

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

Through the creation of this report, Sundial has become aware that some of the goods procured by the company have inherent high risks of forced labour and child labour. Sundial remains committed to a zero-tolerance policy for any suppliers found to be employing forced or child labour.

Sundial recognizes the need for continuous improvement and the following will be implemented going forward to ensure we assess effectiveness and have policies and processes to prevent and reduce risks related to child and forced labour:

- Create internal policies, such as a Supplier Code of Conduct, Human Rights Policy, and

Whistleblower Policy.

- Continue to investigate where our suppliers receive their goods, monitor the types of goods we procure, and the risk of forced labour and child labour associated these goods.
- Develop employee training relevant to this Act for applicable employees to increase awareness of forced and child labour.
- Conduct risk assessments on its countries of operations, suppliers, and types of goods procured to evaluate the inherent risks of forced and child labour.
- Integrate anti-slavery/forced labour and/or child labour standards/conduct into internal policies (employee handbook and training), as well as supplier due diligence procedures (supplier agreements and questionnaires).
- Monitor our key suppliers for evidence of forced labour and child labour through questionnaires and attestations for annual sign-off.

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 2023 reporting year.

Glenn Farber

Full Name



Signature

C.F.O.

May 29, 2024

Title

Date

I have the authority to bind Sundial Group of Companies.