QUALICO®

HELPING BUILD BETTER CITIES™

FIGHTING AGAINST FORCED AND CHILD LABOUR IN SUPPLY CHAINS

2025 Annual Report

Introduction

This report is prepared in accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c.9 (the "Act") for the financial year ended December 31, 2024 by Qualico Developments Canada Ltd. ("QDC") and its following wholly owned businesses or subsidiaries (collectively, "Qualico"):

- The Qualico Partnership
- Qualico Developments West Ltd.
- Star Building Materials Ltd.
- Maginot Holdings Ltd.

The policies, procedures, and systems described in this report have been adopted by the above noted Qualico entities. References in this report to Qualico, or the "company", "we", "us", and "our" mean reference to QDC and one or more of the entities unless otherwise noted.

In 2025 Qualico continued to take steps to prevent and reduce the risk of forced labour and child labour in our business activities and supply chain. Details of these steps are set out in this report.

Business Overview

Structure

QDC was initially incorporated federally under the Canada Business Corporations Act ("CBCA") in 1985. QDC changed its status and was continued in Manitoba in 1987 under the Manitoba Corporations Act ("MCA"). In 2005, QDC was continued under the CBCA, and once again became and currently remains a federal corporation under the CBCA.

Qualico Developments West Ltd., Star Building Materials Ltd., and Maginot Holdings Ltd. are all wholly owned subsidiaries of QDC, and all of the partners of the Qualico Partnership are wholly owned subsidiaries of QDC.

The Qualico entities subject to this report have, collectively, 2393 employees situated inside of Canada.

Activities

Qualico is celebrating its 75th anniversary in the real estate industry, and currently operates within Canada in Winnipeg, Saskatoon, Regina, Edmonton, Calgary, and Metro Vancouver. As an integrated real estate company our activities span the entire real estate spectrum with business verticals that include land and community development, commercial property development, building material supply and services, concrete supply, plumbing and heating services, roofing services, drywall services, property management services, and construction of single-family and multi-family homes.

Supply Chain

Qualico acknowledges and is committed to uphold the standards and provisions outlined by the Act. We strive to work with suppliers, contractors, trades, agents, consultants, and other third parties and business partners, as well as their principals, employees, directors and officers (collectively, the "Suppliers") who share in our commitments.

We require a wide variety of goods and services to operate, the majority of which are produced with highly skilled and trained labour, including engineering and technical services, and construction trades that require vocational training.

Figure 1 –Supply Chain Overview



Figure 1 provides a high-level overview of our supply chain. We purchase raw materials including, but not limited to, lumber, glass, concrete, steel, brick, cables, piping, poly, and fiberglass, that are produced by Suppliers located mostly in Canada with a few Suppliers in the United States. Certain raw materials are supplied directly to a construction job site, while others are used to manufacture and supply certain Qualico goods such as building materials, ready to move homes, prefabricated components and trusses.

In some instances we purchase manufactured goods from third-party Suppliers for the purpose of retail sale or completing our final products. These manufactured products include, but are not limited to, windows, doors, hardware, and fasteners. All transport is performed primarily by truck and rail.

Operationally, we continue to utilize a varied and decentralized purchasing model that originates within the individual business units across all verticals. Though regionalized, the purchasing and supply chain activities are supported by a central Corporate Purchasing Department that is designed to evaluate and identify areas of risk in our existing product usage, supply chain partnerships, or gaps in the building materials distribution networks.

Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

Qualico remains fully committed to upholding the standards and provisions outlined by the Act, to protect human rights, and prevent and reduce the risk that forced labour or child labour is used in Qualico's operations and supply chain. In 2025 the following steps were taken:

- Ongoing risk assessment by our Risk Management Committee comprised of certain legal, insurance, human resources, and procurement personnel in our company;
- Continued implementation of our Code of Conduct, which provides a policy framework to ensure employees demonstrate the highest ethical standards, including compliance with all laws, rules, and regulations pertaining to our business;
- Circulation of a questionnaire, and identifying scope of contracts utilized with some Centralized Suppliers that may require contractual provisions, in order to identify, address and prohibit the use of forced labour and child labour; and
- Delivery of training program for select employees about forced labour and child labour.

Policies and Due Diligence

Policies

Qualico is committed to conducting its business in accordance with fair and ethical labour practices, and in a manner that respects the human rights and dignity of all, recognizing their importance to our vision for a sustainable and socially responsible business.

Our commitment is solidified in our ongoing development of a breadth of policies that apply to Qualico's operations, including the planning, design, construction, maintenance, and decommissioning of projects, our supply chain practices, our relationships with clients, partners, volunteers, contractors and employees, and any other activities where our business operations have the potential to impact an individual's human rights.

We strive to align our policies and practices with international standards and best practices, including those defined in the Declaration on Fundamental Principles and Rights at Work by the International Labour Organization ("ILO"), and the Guiding Principles of Business and Human Rights endorsed by United Nations Human Rights Council ("U.N. Global Impact"). In doing so, our policies and practices seek to establish a framework to prevent forced labour and child labour as contemplated by the Act.

In 2025 Qualico circulated our Code of Conduct to certain employees, which includes several policies that are written with a lens of preventing and reducing the risk of forced labour and child labour in our business activities and supply chain. The following is a summary of the key policies included in our Code of Conduct or otherwise under development for inclusion, that evidence our commitment:

Human Rights Policy

Qualico's Human Rights Policy demonstrates our alignment with the ILO Standards by confirming our covenant to provide employees with fair wages and benefits, together with the right of freedom of association and collective bargaining, and our covenant to prohibit all forms of forced labour and child labour, and any discrimination in respect of employment and occupation.

Right to Work Policy

Qualico's Right to Work Policy supports commitment to human rights by confirming Qualico's commitment to employ only those eligible to work in Canada, and to provide fair employment opportunities without discrimination based on any protected characteristics, such as nationality, place of origin, gender, or citizenship.

Escalation Policy

Qualico's Escalation Policy supports our commitment to human rights by establishing a grievance mechanism that encourages anyone who becomes aware of a policy violation to report and escalate the matter to appropriate management for further investigation.

Sustainable Procurement Policy

Qualico's Sustainable Procurement Policy will aim to extend our commitments to human rights to our Suppliers, by seeking products and services that are procured in an ethically, socially and environmentally responsible manner, without compromising on the quality of such products and services.

Due Diligence Processes

Qualico is committed to the development of due diligence processes used to identify and mitigate potential human rights issues, including forced labour and child labour, in its supply chain. In 2025 our due diligence processes were as follows:

Questionnaires

Qualico's procurement process includes a pre-qualification questionnaire to screen and verify that our potential Suppliers align with our policies and share our commitment to mitigating human rights issues. In 2025 we circulated our questionnaire among a supplier relationship that is critical within our Corporate Purchasing Department ("Centralized Suppliers") allowing us to assess and evaluate our response process, and consider iterations to the questionnaire.

Supplier Contracts

Qualico's contracts include standard form terms and conditions that require our Suppliers to comply with applicable laws and regulations and our policies. In 2025 we identified the scope of contracts that are

utilized with some Centralized Suppliers and that may require inclusion of contractual terms related to mitigating forced labour and child labour risks.

Qualico will continue to explore additional due diligence processes that support our commitment to uphold and protect human rights, and the prevention and remediation of forced labour and child labour.

Risk Assessment

Our Risk Management Committee is responsible for evaluating the impact of the Act on our business and supply chain, and implementing enterprise risk management of any forced labour and child labour risks that may be identified.

In 2025 our Risk Management Committee reviewed the risk of forced labour and child labour within our operations and supply chain, yielding the following results:

Operations

Operationally, Qualico's employment policies and general workforce composition did not change in 2025. Namely, children are forbidden from being employed in our workforce, we recruit and provide working conditions and wages in compliance with applicable laws and regulations, and our workforce is largely comprised of highly skilled and training labour that requires vocational training. Based on this, we consider there to be a low risk of forced labour or child labour in our operations.

Supply Chain

Qualico has approximately 50 Centralized Suppliers, the composition of which has remained substantially the same in 2025. Notably, none of them are listed on US Department of Labor's most recent publication of a List of Goods Produced by Child Labor or Forced Labour, which indicates a lower risk of the use of forced labour and child labour by our Centralized Suppliers. Further, any feedback we have received to date on our questionnaire has supported our assessment of lower risk.

Qualico acknowledges and is fully committed to further risk assessment of all our regional suppliers, and indirect suppliers and activities. We continue to support the use of enterprise risk management tools by our Risk Management Committee to evidence our commitment, such as supply chain mapping and risk registers.

Remediation

In 2025 Qualico did not identify any instances of forced labour or child labour in its business activities or supply chain, and therefore Qualico has not taken any measures to remediate any forced labour or child labour, nor to remediate any loss of income to vulnerable families resulting from such measures.

Training

Qualico respects human rights as a fundamental principle in our operations, and each new employee is required to review and accept our policies as part of their onboarding process. Our Code of Conduct and all of our policies are available to our employees on our local intranet.

In 2025 we delivered an online course from a third party provider that outlines the risk of forced labour and child labour in supply chains, Canada's effort to mitigate such risk, and provides the knowledge and tools for employees to understand and actively participate in the global movement towards ethical labour practices. This course was offered to over 100 Qualico employees who were identified to have material participation or visibility on Qualico's supply chain, and each employee who completed the course was awarded a certificate of completion.

Assessing Effectiveness

Qualico is committed to addressing risks of forced labour and child labour in our business activities and supply chain. As noted in this report we have implemented measures to assess or prevent these risks. However, we have not taken any actions to assess the effectiveness of these measures to date. We are committed to making this assessment in future reporting periods once more data is compiled.

Approval and 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 this joint report for the entity specified below. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this joint report is true, accurate and complete in all material respects, for the purposes of the Act, for the reporting period specified above.

I make this attestation in my capacity as a director of the board of directors of Qualico Developments Canada Ltd. (the "Qualico Board") for and on behalf of the Qualico Board.

I have authority to bind Qualico Developments Canada Ltd.



KEVIN VAN
Director and President and CEO of Qualico
May 29, 2026