

MELCOR DEVELOPMENTS LTD.

BILL S-211 REPORT:

**An Act to enact the Fighting Against Forced Labor and Child Labor in Supply Chains
Act and to amend the Customs Tariff**

For the fiscal year ended December 31, 2023



Report Date May 29, 2024

**MELCOR DEVELOPMENTS LTD.
Bill S-211 Report**

Reporting Entity's legal name: Melcor Developments Ltd.

Reporting Entity's Business No.: 10362 6669

Financial reporting year: Fiscal Year Ended December 31, 2023

This Report is published pursuant to Bill S-211, An Act to Enact the Fighting Against Forced Labor and Child Labor in Supply Chains Act and to amend the Customs Tariff (the "**Act**").

Melcor Developments Ltd. ("**Melcor**") hereby reports, pursuant to the Act, to the Minister of Public Safety and Emergency Preparedness for the financial year ended December 31, 2023.

Structure, Activities and Supply Chain

Melcor is an Alberta based, Toronto Stock Exchange listed, real estate development and real estate asset management company. Melcor's main operations and assets are located in Alberta (specifically in the metropolitan areas of Calgary, Edmonton, Grande Prairie, Lethbridge and Red Deer). Melcor also has operations and real estate assets in British Columbia, Saskatchewan, Arizona and Colorado.

Melcor operates five integrated divisions that together manage the full life cycle of real estate development:

1. Land: acquires raw land and plans residential communities and commercial developments.
2. Properties: operates a portfolio of commercial and residential properties and develops commercial properties.
3. Melcor Real Estate Investment Trust: through this subsidiary, Melcor has established and diversified portfolio of 37 income-producing office, retail and industrial properties representing 3.31 million sf in gross leasable area.
4. Golf: owns and operates championship golf courses associated with Melcor's residential communities.
5. Corporate: orchestrates strategic planning, financial governance, risk mitigation guiding the organization through dynamic market shifts towards sustained and adaptive success.

Melcor has over 115 full time and 240 part time / seasonal employees and for 2023 fiscal year had consolidated (i) revenues in excess of \$315 million; and (ii) assets valued for financial statement purposes in excess of \$2.0 billion.

Of its five divisions, only the Golf division is subject to the reporting requirements of the Act since such division involves the sale of “goods” in Canada. Melcor’s Golf Division involves the sale of golf equipment, clothing and golf accessories (collectively, “**Golf Goods**”), as well as food and beverage products.

Melcor’s four other divisions do not involve (i) the production, sale or distribution of goods in Canada or elsewhere; or (ii) the importation of goods into Canada. Melcor is not subject to reporting requirements under supply chain legislation in any other jurisdiction.

Melcor procures its Golf Goods and food and beverage products through reputable distributors almost exclusively located in Canada.

Melcor is committed to conducting its business with high standards of integrity, responsibility and ethical behavior and in compliance with applicable law. Melcor’s commitment to protecting human rights and responsible labor practices is founded on its strong belief in “treating others as you would be treated”. Melcor expects its suppliers to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws.

Policies and Due Diligence Processes

Melcor is committed to respecting human rights, and engaging in practices that meet all ethical and legal standards, including applicable laws related to forced labour and child labor. Similarly, Melcor is committed to taking an active role to ensure that its suppliers (and their suppliers) of Golf Goods and food and beverage products uphold these same commitments.

Melcor currently has internal policies and procedures, including its Code of Business Conduct, that reinforce its commitments to responsible labor practices, including conducting business with integrity. Melcor’s Code of Business Conduct applies to Melcor’s Board of Directors, its management team and employees of all levels. Melcor’s Code of Business Conduct establishes guidelines/standards of behavior for how its personnel interact with stakeholders, internal and external (including suppliers) and has as its objective the highest standard of honesty, integrity and fair deals. The Code of Business Conduct also contains a whistleblowing process where any concerns or issues of non-compliance or questionable practices can be reported without fear of reprisal.

Melcor’s Corporate Governance & Compensation Committee is required to review Melcor’s Code of Business Conduct annually. Melcor’s Management Committee is responsible for ensuring that all employees comply with the Code of Business Conduct and, if necessary, implementing remedial and/or disciplinary actions.

Melcor intends to internally assess the risks of force labour and child labour across the supply chain and augment its Code of Business Conduct to include a supplier code of conduct section (which is expected to specifically prohibit involuntary labour practices). To date, Melcor has not identified parts of its supply chain for Golf Goods and food and beverage products that carry a risk of forced labour or child labour.

Remediation

As Melcor has not identified any instances of forced labour or child labour in its supply chain for Golf Goods and food and beverage products, it has not taken measures to remediate any forced labour or child labour.

If Melcor identifies incidents of forced labour or child labour within this supply chain, it will consider the appropriate remedial strategy in compliance with applicable law.

Training and Assessment

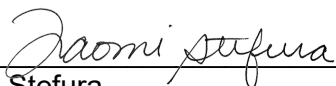
In depth employee training is a core element of Melcor's business ethos. In conjunction with the augmentation of its Code of Business Conduct to include a supplier code of conduct section, Melcor will look for ways to train its procurement personnel with respect to forced labour or child labour. Melcor currently does not provide any employee training with respect to forced labour or child labour.

Melcor currently does not have specific policies or procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its supply chain for Golf Goods and food and beverage products. As Melcor augments its Code of Business Conduct, it will examine ways that effectiveness may be practically measured and assessed.

Approval and Attestation

This report was approved by the Board of Directors of Melcor Developments Ltd. for the fiscal year ended December 31, 2023 in accordance with subparagraph 11(4)(a) of the Act.

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 reporting year listed above.



Naomi Stefura

Chief Operating Officer & Chief Financial Officer

Date: May 29, 2024

I have the authority to bind Melcor Developments Ltd.