



2024 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Introduction

This joint report has been prepared by the Parallel Lumber Group in response to the requirements under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for our financial year ending December 31, 2023. This joint report is filed on behalf of Parallel Wood Products Ltd. and East Fraser Fiber Co. Ltd., which are reporting entities under the Act. The terms "Parallel Lumber Group", "we", and "our" refer to both entities.

The Parallel Lumber Group is committed to forest stewardship, sustainability and investing in our operations and people with a goal of leaving a legacy for generations. We support and promote practices that protect the safety and human rights of workers impacted by our operations.

Organizational structure

The Parallel Lumber Group is a group of private companies that has operated in Canada and the United States for more than 30 years. Our head office is in Prince George, British Columbia; our plants are located in Mackenzie, Prince George, Quesnel and Williams Lake, British Columbia; and Albertville and Boaz, Alabama.

We employ approximately 163 employees in Canada and 141 employees in the United States. We do not employ workers under the age of 18. Our operations in Williams Lake, British Columbia are unionized. Occasionally, we engage subcontractors who are required to comply with applicable employment standards and safety laws. All workers on our sites must be properly trained and insured in accordance with applicable regulations in Canada and the United States.

We are an active member of provincial, national, and international forestry associations, including BC Council of Forest Industries, National Lumber Grades Authority and International Code Council.

Activities and supply chain

The Parallel Lumber Group produces and sells finger-joint studs, which are manufactured by taking short blocks of kiln-dried lumber, scanning and removing defects, cutting a "finger" profile into each end, applying the appropriate adhesive and machine pressing the pieces together to make a longer piece of lumber. We also sell dimensional lumber and residuals, including chips, hog and sawdust. Our customers are forestry companies in British Columbia.

The materials used in our manufacturing activities are trim blocks and adhesives. We procure trim blocks from Canadian sawmills in British Columbia and Alberta. We import adhesives from a manufacturer located in Oregon. We also procure materials relating to preventative maintenance and repairs of our equipment and plants from Canadian suppliers. In this reporting year, nearly all our procurement spend was with Canadian suppliers.

Steps to prevent and reduce the risks of forced labour and child labour

To prevent and reduce the risks of forced labour and child labour in our operations and supply chain, the Parallel Lumber Group continued to conduct business with reputable sawmills and other suppliers in Canada and the United States. We also continued to implement our existing workplace safety and human rights policies, train workers, comply with applicable employment, safety and forestry regulations, and review and vet suppliers to ensure they align with our values of forest stewardship, sustainability, and safety.

Policies and due diligence processes

The Parallel Lumber Group has adopted policies and processes that focus on the safety of workers in our manufacturing activities and ensuring our suppliers conduct business in accordance with our values. These policies and processes enable us to prevent and mitigate the risks of forced labour and child labour in our operations and supply chains.

Our Occupational Health and Safety Policy affirms our commitment to safe working conditions at our plants, by setting an expectation that each site will implement a health and safety standard that addresses the safety risks for our employees and contractors. This Policy also expects our managers, supervisors, employees, contractors, and other persons that provide services on our work sites to uphold high moral and ethical principles, specifies the basic norms of behavior for those who conduct business activities on our behalf, comply with laws and regulations relating to health and safety and conduct an annual management review of our health and safety programs and policies.

We have implemented a Discriminatory Harassment and Bullying Policy, which prohibits discrimination, bullying and harassment in any form on our work sites. This policy demonstrates zero tolerance for any abuse to workers or human rights violations, encourages our employees to report incidents in relation to discrimination, harassment, or bullying, and ensures that any complaint is investigated and addressed in a timely manner.

We have not developed formal written policies or processes to screen for risks of forced labour or child labour in our supply chain. We have longstanding relationships with reputable Canadian sawmills, who are subject to the high standards of safety and quality that apply to the forestry industry in Canada. These suppliers manufacture and sell most of the materials in our supply chain. We rarely onboard new suppliers, but when this occurs, we conduct background checks based on publicly available information to evaluate any legal, operational, quality, or reputational risks of conducting business with the supplier.

Our procurement and supply chain decisions are centralized. Our executive team is responsible for assessing risks in our operations and supply chain and ensuring that our business relationships are aligned with our values of forest stewardship, sustainability, and safety.

Assessing the risk of forced labour and child labour

Forced labour or child labour in the forestry industry is more likely to occur when manufacturers, suppliers, labour agencies or subcontractors are not held accountable for the ethical and safe treatment of workers and for complying with applicable employment, labour, and safety laws.

The Parallel Lumber Group operates exclusively in Canada and the United States, where the forestry industry is highly regulated. We comply with Canadian and United States employment, labour, human rights and safety laws, and conduct business with long-term reputable suppliers. We are not aware of any publicly available information indicating that the sector or location of our direct suppliers has an increased prevalence of forced labour or child labour. For these reasons, we have identified the risk of forced labour and child labour in our operations and supply chain to be low.

Remediation measures and remediation of loss of income

The Parallel Lumber Group encourages our workers to report any violation of worker rights, to ensure that complaints or concerns relating to health and safety, or other human rights protections are heard and adequately addressed. To date, we have not received any complaints relating to forced labour or child labour in our operations or supply chain, and as such have not taken any remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

Employee training

The Parallel Lumber Group is committed to educating workers on our internal policies and identifying hazards and indicators of unsafe working conditions. All employees undergo onboarding training, as well as continuous training, designed to share information and build knowledge on how compliance with applicable laws, regulations and industry standards, and the avenues available for raising and resolving issues and complaints. To date, we have not developed training for employees specific to the indicators and risks of forced labour and child labour in our supply chains.

Assessing effectiveness

The Parallel Lumber Group monitors compliance of our management, supervisors, employees, and contractors with the standards set out in our Occupational Health and Safety Policy. Our operations are regularly audited under the British Columbia Certificate of Recognition program, which recognizes employers who implement effective occupational health and safety systems. To date, we have not adopted specific assessment mechanisms to assess, measure, or track the effectiveness of steps taken to prevent or reduce the risks of forced labour or child labour in our supply chains.

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 the report for the 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.

Dated in the City of Prince George, British Columbia, this 29 day of May, 2024.



Patrick Glazier

I have the authority to bind the Parallel Lumber Group.