



## **Modern Slavery Report: Upper Canada Forest Products Ltd.**

### **Executive Summary**

Upper Canada Forest Products Ltd. (UCFP) stands firmly against all forms of modern slavery, which it finds utterly unacceptable. Our commitment to human rights predates the recent Canadian legislation; we have long been proactive in implementing anti-human trafficking policies. Our teams in Purchasing and Human Resources are adept at recognizing the indicators and dangers associated with modern slavery, including forced and child labour.

To deepen our understanding, we've introduced an online course focused on modern slavery and human rights. This initiative is particularly aimed at educating our employees, contractors, and, notably, our Purchasing Team about the nature of modern slavery, its various manifestations, the potential risks within our operations and supply chain, and the measures we're taking to address these risks.

Our dedication extends to eradicating forced and child labour from our supply chains. We're constantly enhancing our due diligence, risk assessment, and training procedures to actively foster labour practices that safeguard the well-being and rights of all workers. This report details the actions we've undertaken, the obstacles encountered, and the strides we've made in evaluating the risk of forced and child labour within our enterprise.

We endorse the core human rights tenets of the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. Embracing our corporate responsibility, we affirm that neither child labour nor forced labour is knowingly employed in any of our operations, nor do we accept products or services from suppliers engaged in such practices.

### **Reporting Period Covered**

The financial reporting year covered by this report is May 1, 2023, through April 30, 2024.

### **Organizational Structure**

Established in 1986, UCFP operates as a leading distributor of an extensive range of products including hardwood lumber, specialty softwoods, panel products, laminates, and exterior products throughout Canada. Its head office is located in Mississauga, Ontario. The company's purpose is to provide materials for spaces that enhance peoples' lives and the health of the planet. UCFP's business conduct and its identity are intertwined, with its values of

Professionalism, Integrity, Commitment, Innovation, and Sustainability serving as foundational principles. These values guide UCFP in ‘Delivering the Difference’ to its customers daily.

UCFP incorporated under the Ontario Business Corporations Act (“OBCA”) and governed by the laws of Ontario. As of May 31, 2024, the Company employs 230 people across our Canadian operations. Our Business Number is 105461529.

Working with its sister company, Sierra Forest Products in the U.S., UCFP shares management resources to provide exceptional service. Together with A&M Wood Specialty and UCS Global, these organizations comprise the UCS Forest Group of Companies, renowned for their commitment to excellence and innovation in the forestry products sector.

## **Governance and Oversight**

UCFP is committed to strong corporate governance, ensuring that business ethics and human rights are overseen with clearly defined roles. The Board of Directors oversees the company’s strategies, policies, and procedures related to ethics and human rights, focusing particularly on the rights of workers impacted by the company’s operations. The Board is responsible for ensuring compliance with these principles, while the Chief Supply Chain Officer oversees the day-to-day implementation of the company’s ethical approach and practices, mitigating any risks within the supply chain.

The company’s structure is based on a matrix reporting model. The CFO, President, CHRO/CAO, and General Counsel report to the company’s Founder and CEO, Warren Spitz. The President leads the Commercial and Operational sectors, with the Regional Vice-Presidents under his direction. These Vice-Presidents manage the Division Managers who oversee the company’s various locations across North America.

## **Location of Operations**

UCFP operates with physical locations in Ontario, Alberta, and British Columbia and ships to other Canadian provinces including Manitoba, Saskatchewan and Northwestern Territories.

## **Addressing Risks of Modern Slavery Through our Policies and Training**

We are guided by our Code of Conduct & Ethics that each employee acknowledges during their onboarding process and that reflect our corporate values.

Migrant workers, recent immigrants, as well as temporary and agency workers are some of the most vulnerable groups at home and globally. We understand that they are more likely to suffer under poor working conditions in many areas around the world. All UCFP employees are hired in full compliance with all Canadian labour laws.

UCFP has developed numerous Employment Policies relevant to this report and subject matter.

### **1. Recruitment and Hiring Policy for Upper Canada Forest Products Ltd.**

The Recruitment and Hiring Policy is based on Equal Employment Opportunities as a fundamental right for employment in our company. In all cases, each applicant for employment is recruited, hired, and assigned based on merit, and without discrimination based on race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, gender identity, gender expression, age, marital status, record of offences, family status, disability, or any other protected ground under legislation in Canada.

## **2. Human Rights Policy for Upper Canada Forest Products Ltd.**

This policy prohibits harassment in employment based on prohibited grounds and state the corporate commitment to provide applicants and employees with equal employment opportunities as follows:

- To recruit, hire, train, promote, and treat individuals without regard to all the Prohibited Grounds including race, ancestry, origin, colour, ethnicity, citizenship, creed, sex or sexual orientation, disability.
- To ensure that employment actions such as those relating to compensation, benefits, transfers, layoffs, return from layoffs, Company-sponsored training, education, educational assistance, and social and recreational programs comply with all applicable human rights laws and regulations; and to ensure that employees and applicants shall not be subjected to harassment, intimidation, threats, coercion, reprisals or threats of reprisals, or discrimination because they have engaged in or may engage in any of the following activities:
  - Filing a proper complaint of discrimination or harassment under this policy; or
  - Properly assisting or participating in an investigation, complaint or proceeding relating to a complaint of discrimination or harassment.

All employees at every level must comply with our policies, procedures, and applicable laws. Every member of the Management Team is required to provide equal employment opportunities to all applicants and employees and treat them with dignity and respect.

## **3. Forest Stewardship Council (FSC®) Core Labour requirements Policy Statement**

FSC® is an independent entity certification that verifies that products are handled correctly at every stage of the production. For a product to carry the FSC® label, every step in the supply chain between the forest and the final product must be FSC® Chain of Custody certified.

UCFP is proud to be FSC® Chain of Custody Certified. UCFP carries products that are FSC® Certified or FSC® Certified Available Upon Request.

The FSC® Chain of Custody standards (FSC-STD-40-004 & FSC-STD-20-011) include the FSC® core labour requirements, which are auditable social compliance requirements.

The FSC® core labour requirements include effective abolition of child labour, elimination of all forms of forced or compulsory labour, the elimination of discrimination in respect of employment and occupation, respect of freedom of association and the effective recognition of the right to collective bargaining. The FSC® core labour requirements means that consumers

know that FSC®-certified products come from companies that are checked audited for their respect for workers' rights.

UCFP is committed to a work environment where all individuals are treated with respect and dignity, in a professional atmosphere, where equal employment opportunities are promoted and discriminatory practices, including harassment are prohibited.

We have identified that there is a very low or no risk of forced and child labour in our Canadian and U.S. operations and from our suppliers that holds FSC® certification, as well.

#### **4. Anti Trafficking Policy for Upper Canada Forest Products Ltd.**

Before the new Prevention of Forced and Child Labour legislation passed in Canada, UCFP had in place its Anti-Slavery and Anti-Trafficking Policy which was duly approved and authorized by the Board of Directors. This corporate policy states that modern slavery and human trafficking are abhorrent practices that will not be tolerated in our operations or in our supply chain.

The policy also commits to work ethically and with integrity and that we require our business partners to do the same.

In areas of our supply chains where we have any suspected areas of concern, we have taken appropriate due diligence to satisfy ourselves that our suppliers follow ethical employment practices that comply with all relevant legislation including, where applicable, the making of an Anti-Slavery statement. Where suppliers have not published an Anti-Slavery Statement, they are required to confirm that they have in place such ethical employment practices and that they, in turn, require their suppliers to have the same.

UCFP will continue to monitor the risk of slavery and human trafficking in its supply chains and its own business, and we will act and report accordingly.

### **Operations and Supply Chain Risk Assessment**

UCFP is a wholesale distributor of the following product categories:

1. Hardwood Lumber
2. Specialty Softwoods
3. Panel Products
4. Laminates
5. Exterior Products

UCFP is aware that some wood products imported into Canada originate from countries with a high risk of forced labor, and that illegal logging is often linked to modern slavery, as well as other unlawful activities including militias, child soldiers, organized crime, and terrorism. The company systematically disseminates information about the lumber supply chain through its memberships in pivotal industry associations and assumes a leadership position in several of these groups. Leveraging its extensive industry expertise, UCFP refrains from procuring lumber from nations notorious for illegal logging practices and the exploitation of forced or child labor, as well as human trafficking.

## Our Suppliers

Our network of wholesale suppliers spans across North America, the European Union, and Asia Pacific regions. In preparation for this report, we implemented a series of assessment strategies. This included a meticulous review of regions flagged by NGOs, intergovernmental organizations, and industry experts as high-risk for practices such as illegal logging, and the use of forced and child labor. Our findings confirm that our imports, whether direct or indirect, do not originate from these high-risk areas or conflict zones. Additionally, we have engaged third-party risk assessment consultants and auditing services when it has been deemed beneficial and necessary.

As a wholesale distributor operating in Canada, we take pride in our logistics capabilities, delivering products predominantly through our own fleet of trucks. Our clientele, comprising manufacturers of diverse products, rely on us for timely and efficient delivery services.

## Risk Criteria

When assessing our risk, we considered each item below in the context of each one of our suppliers over the last two years:

1. Suppliers beyond Tier 1
2. Buying products from Overseas Suppliers
3. Buying products from manufacturers, wholesalers, and distributors
4. Warehouse and transportation of our products in North America.

We will continuously develop and improve how we identify, assess, and address all potential modern slavery risks.

## Risk Assessment

We conducted a thorough review of our suppliers, both domestic and international. An updated list was compiled, featuring current contact details for all suppliers from whom we've procured products in the past two years. Subsequently, we crafted a detailed questionnaire and disseminated it via email to these suppliers.

The questionnaire was meticulously designed to uncover any potential risks of forced or child labor within our supply chain, as well as to pinpoint any existing measures to mitigate, prevent, or address such issues. We have communicated to our suppliers our readiness to work collaboratively in mitigating these risks. Additionally, we have engaged with many suppliers through phone calls, personal encounters at trade shows, and direct site visits.

The response rate for the completed Supplier Questionnaire stood at 21%, representing 38% of the products we purchased in 2023. Following this initiative, we are pleased to report that none of our suppliers were categorized as high-risk, nor did we find any indications of forced or child labor within their operations. This positive outcome stems from our robust processes for supplier identification, onboarding, and continuous monitoring, coupled with the dedicated

efforts of our Purchasing and Compliance teams' members, which will be elaborated on subsequently.

## Due Diligence Measures

In the face of escalating legal and compliance challenges, and heightened global awareness of illicit activities, UCFP is proactively adapting to the dynamic regulatory environment as we venture into new markets and foster innovation. To mitigate legal and financial risks while upholding our ethical standards and sustainability goals, we have instituted a comprehensive New Vendor Onboarding process. This serves as the cornerstone of our corporate risk prevention and compliance due diligence efforts. Among other stipulations, we mandate that our vendors consent to comply with our Health and Safety Policy and our Forced and Child Labour Policy.

We have solicited detailed accounts from our current suppliers regarding their policies and practices aimed at preventing forced and child labor within their operations and supply chains. Where possible, we have scrutinized these policies. Our assessment also extends to on-the-ground practices observed during supplier site visits, documentary examinations, and analyses of public records, including watch lists.

Our Purchasing team members are tasked with conducting periodic in-person supplier audits and site visits. These inspections are designed to verify compliance with labor standards, as well as material sourcing and reporting protocols. As part of our commitment, we require suppliers to affirm their adherence to ethical employment practices and to ensure that their own suppliers uphold these same standards.

## Addressing Risks

Our company's legal, financial, and compliance teams diligently perform a comprehensive risk assessment for each new inventory supplier, along with a continuous review process. We have established stringent financial controls to guarantee that payments are only made to verified suppliers.

The procurement team is actively examining our supply chain contracts to ensure they explicitly forbid the use of forced and child labor, aligning with our internal policies and procedures. We are in the process of creating a specialized audit program, designed to address any high-risk suppliers or products, particularly those identified by product type or geographic location.

Our policies and procedures have been recently updated to more effectively tackle issues related to forced and child labor, including detailed protocols for reporting and investigating any related concerns. We are currently implementing a Supplier Code of Conduct that will further solidify our commitment to human rights and our zero-tolerance stance on child and forced labor.

In our ongoing efforts to foster transparency and accountability, we are preparing to launch an anonymous whistleblower hotline. This service will be available to both employees and suppliers, providing a secure channel for reporting any discrepancies.

### **Assessing the Effectiveness**

UCS has established measures to evaluate the effectiveness of the program with different methods and tools, as follows:

1. Rate of response of Due Diligence Questionnaire
2. Number of staff who receive training on modern slavery.
3. Number of audits in the last 12 months.
4. Ongoing Due Diligence Assessments completed
5. Number of New Due Diligence Assessments completed
6. Number of issues identified as a result of audit and assessments
7. Actions taken in response to identification of risks identified

### **Prevention, Remediation and Mitigation Efforts**

1. Request Tier 1 suppliers to verify with their own suppliers if they have any relevant Policy against Forced and Labour policies.
2. Collaborate with high-risk suppliers providing training on identifying and preventing modern slavery. Evaluate the continuation of the commercial relationship.
3. Continuous review of our policies and practices to ensure compliance with Forced and Child Labour legislation.

### **Specific Training**

We have set up mandatory training, developed internally with support of our Learning and Development Manager, on Forced and Child Labour delivered to the UCFP Purchasing team. The training has an assessment and an Acknowledge Statement at the end. This training has been attended by 100% of the Canadian team representing 26 employees.

We are in the process of identifying additional training needs and a work plan to deliver the training to the rest of the staff in Canada and to all new employees at the time of onboarding.

Upon hiring our employees are currently receive training based on the following corporate policies:

- Anti-Bribery and Anti-Corruption policy
- Anti-Slavery and Anti-Trafficking policy
- Canada Human Rights Policy
- Training and Development Policy
- Code of Conduct and Ethics

## Future Steps

**Transparency:** This is our first annual report summarizing our efforts and accomplishments respecting this legislation. We have and will continue to collaborate with industry peers to share best practices.

**Stakeholder Engagement:** Through direct representation by our many of our senior executives and employees with key industry associations, we engage with NGOs and government agencies as well as other industry associations to continue to develop relationships, educational initiatives, exchange supplier information and strengthen our community within the industry at large.

The following individuals are key to our continuous monitoring of our supply chain and business partners and suppliers:

### **Jeff Muller, Chief Supply Chain Officer**

Jeff Muller is the Chief Supply Chain Officer and has worked with UCS Forest Group since 2019. Jeff worked as mechanical engineer for a period and later earned his law degree and practiced law prior to being recruited to work as in-house counsel in the panel manufacturing and distribution business. He is currently a board member of the Composite Panel Association. Prior to joining UCS Forest Group, Jeff held the position of VP & General Counsel for a panel manufacturing company overseeing multiple manufacturing plants and distribution centers. In his role at UCS, he oversees all functions of the supply chain, logistics and operations. He is a sophisticated and dedicated leader with an extensive background in the lumber and panel industry.

### **Rob Cabral, Vice President of Domestic Lumber**

Rob Cabral is Vice President of Domestic Lumber for the UCS Forest Group and has worked with Upper Canada Forest Products Ltd. since 1994 at its largest location in Mississauga. Rob's current responsibilities include the continued development of supply chain partners to feed the group's demand for supply of domestic hardwoods. In his role, Rob travels regularly and visits sawmills and kiln facilities throughout North America promoting and developing our supply chain strategy which includes prioritizing suppliers that show responsible stewardship of North America's forest resources, ensuring biodiversity, conduct no illegal logging, no deforestation and maintain respect for and protection of human rights. In Rob's 30 years in the industry, he has gained the respect of the industry and has occupied a board seat on the industry's governing body, the National Hardwood Lumber Association (NHLA), since 2017. Rob is currently tasked at the NHLA with Executive Board responsibilities and being Mission Leader for the Market Impacts Committee. This committee's good work includes identifying opportunities and threats for growth of the industry which directly aligns with Upper Canada Forest Product's supply chain strategy. Forestation and sawmill practices are under this committee's purview.



## **Hugh Reitz, Vice President of Imports & Product Compliance Director**

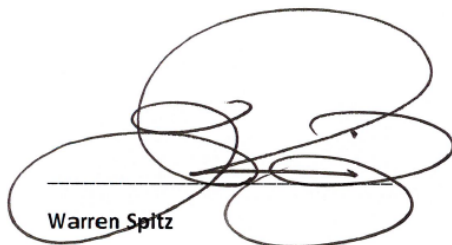
Hugh Reitz is our Vice President of Imports and is our Product Compliance Director. He is a U.S (United States) based 15-year industry veteran highly skilled at matching customer needs to the wood supply located anywhere in the world. Hugh's dual function in Import Purchasing and Compliance gives him unique and continuous access to information and suppliers' operational compliance as well as export and ESG (Environmental, Social and Governance) policies. Under his guidance we strive to deal with suppliers who provide top quality products, engage in ethical business practices, and adhere to environmentally responsible growing and harvesting techniques.

## **Conclusion**

UCFP recognizes the importance and urgency of the objective to prevent and eliminate forced and child labour throughout our supply chain.

**We affirm our commitment to support our suppliers, customers, and employees in the effort to eradicate all forms of modern slavery.**

*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.*



Warren Spitz

Founder & CEO, Upper Canada Forest Products Ltd.