

Fighting Against Forced Labour and Child Labour in Supply Chains Act Annual Report

May 8, 2024

Purpose of this report

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") in Canada mandates that reporting issuers which produce, sell or distribute goods anywhere in the world, or import goods into Canada, submit a report to the federal government every year. The report must confirm the steps taken to prevent and reduce the risk that forced labour or child labour is used at any stage in the production of goods in Canada or internationally by the entity or for goods imported into Canada.

Acadian Timber Corp.'s values

Acadian Timber Corp. is committed to the highest level of legal and ethical standards and is committed to respect for human rights in all aspects of its business.

Report for the year ended December 31, 2023

This report is for Acadian Timber Corp. and the related entities detailed below (collectively "**Acadian**") for the financial year ended December 31, 2023, pursuant to Section 11 of the Act. This report describes the steps that Acadian has taken to prohibit forced labor and child labor in Acadian's supply chain.

Acadian's Board of Directors approved this report as attested below on May 8, 2024.

1. STRUCTURE, ACTIVITIES, AND SUPPLY CHAIN

Structure

Acadian Timber Corp. is governed by the *Canada Business Corporation Act* pursuant to articles of arrangement dated January 1, 2010. Acadian Timber Corp. is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange under the stock symbol "ADN". The principal and head office of the company is located in Edmundston, New Brunswick.

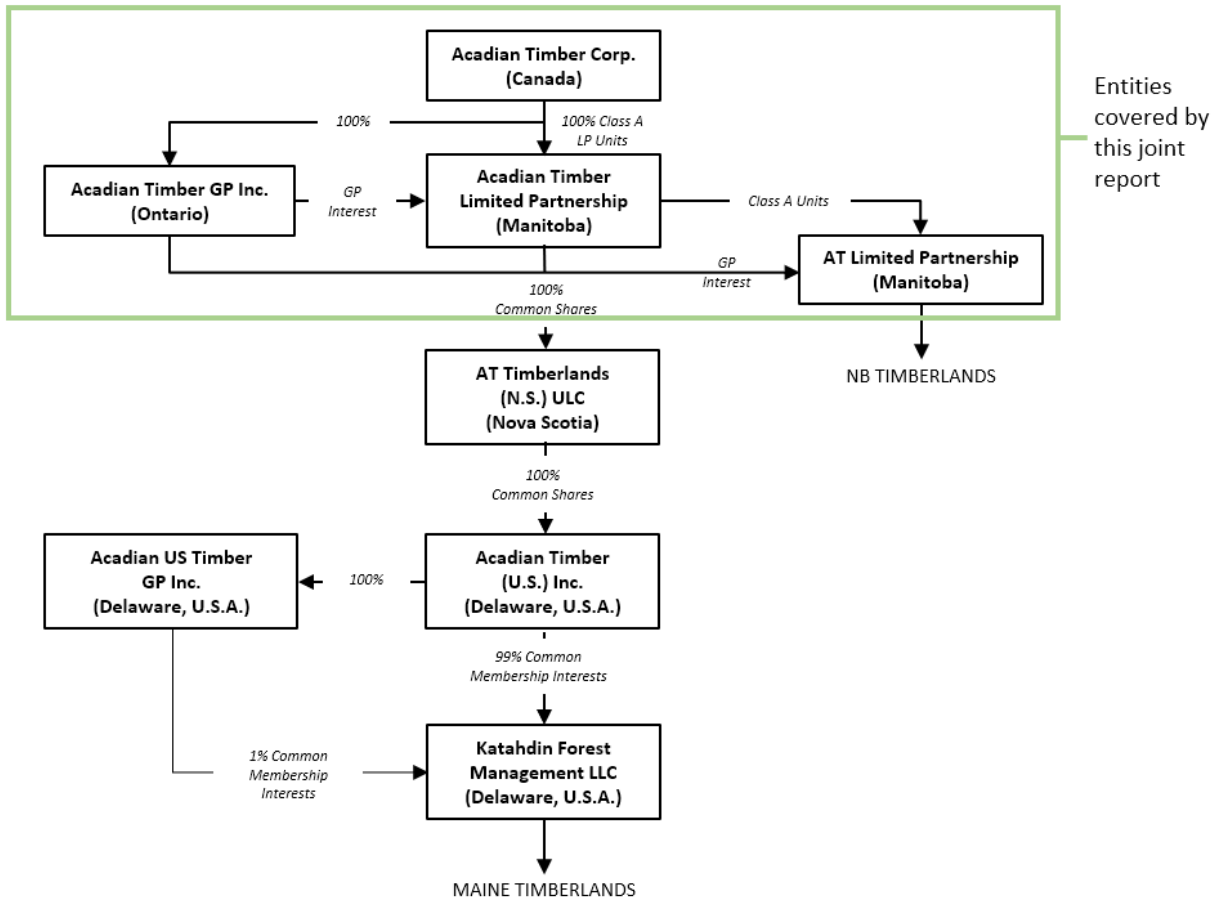
This is a joint report covering each of the following entities, which are all ultimately controlled by Acadian Timber Corp.:

- Acadian Timber Corp.
- Acadian Timber GP Inc.
- Acadian Timber Limited Partnership
- AT Limited Partnership

While only those entities listed above qualify as reporting entities under the Act, all entities in the Acadian Timber Corp. structure as per below are subject to and comply with the policies and programs outlined in this report.

The following chart illustrates the structure of Acadian Timber Corp. and indicates the entities covered by this joint report (including the jurisdiction of establishment/incorporation of the various entities) as at December 31, 2023:

ACADIAN TIMBER CORP. STRUCTURE



Activities

Acadian is headquartered in Edmundston, New Brunswick, Canada. Acadian, directly and indirectly through its subsidiaries, produces, sells and distributes goods in Canada and the United States. Acadian owns and manages approximately 777,000 acres of freehold timberlands in New Brunswick, approximately 300,000 acres of freehold timberlands in Maine and provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. Acadian employs approximately 37 employees in New Brunswick and Maine.

Acadian's primary business is forest management and the production of timber. Acadian also generates income through other land uses including real estate and environmental solutions.

Supply Chain

Acadian's harvesting, transportation, and timberland management is largely performed by owner-operators and independent contractors, which forms the largest category of expenses for the year ended December 31, 2023. These owner-operators and contractors are located in New Brunswick, Canada and Maine, USA and are responsible for purchasing their own equipment.

The majority of the remainder of Acadian's expenses are attributable to personnel costs and professional services, also rendered within Canada and the United States.

2. RISKS OF FORCED LABOUR AND CHILD LABOUR IN THE SUPPLY CHAIN

Management of Acadian has conducted an internal assessment of risks of forced labour and child labour in the organization's activities and in those of independent harvesting, transportation and timberland management contractors.

Governments in both Canada and the United States have laws, regulations and policies surrounding forced labour and child labour and, therefore, the risks of forced labour and child labour in the regions in which Acadian operates have been assessed as relatively low.

3. POLICIES AND DUE DILIGENCE PROCEDURES

Internal code of business conduct

Acadian's Code of Business Conduct mandates that each director, officer and employee conduct themselves with the highest standards of honesty and integrity and in compliance with all legal requirements. The Code of Business Conduct specifies that Acadian personnel must comply with applicable occupational, health and safety laws and not engage in illegal or dangerous behaviours. Employees are required to read and acknowledge receipt of the Code of Business Conduct annually.

Acadian personnel are obligated to report any violation of laws or the Code of Business Conduct. The Code of Business Conduct includes policies and procedures for the reporting of violations, including whistleblowing, and for monitoring and reporting of any notices of violations to the Audit Committee. There were no reports during the year ended December 31, 2023 related to forced labour or child labour received through the whistleblowing hotline or the Audit Committee.

Third party requirements

Acadian's owned timberlands and managed timberlands are certified to the Sustainable Forestry Initiative® (SFI®) program. The SFI Forest Management Standard contains objectives that apply to organizations that own or manage forestlands including Objective 11, which requires program participants to take appropriate steps to comply with social laws, such as those covering civil rights, equal employment opportunities, gender equality, diversity inclusion, anti-discrimination and anti-harassment measures, workers' compensation, Indigenous Peoples' rights, workers' and communities' right to know, prevailing wages, workers' right to organize, and occupational health and safety. The SFI® program requires third party sustainable forestry audits to be conducted annually as either surveillance audits or full re-certification audits. There were no findings noted during the year ended December 31, 2023 related to forced labour or child labour as a result of the audits conducted.

Independent contractors

Included within harvesting, transportation and timberland management services contracts signed between Acadian and independent contractors are requirements for contractors to agree to conduct their operations in compliance with all applicable laws, regulations and rules, including laws and regulations applicable to employing others to work for them and health and safety regulations. Failure to comply with applicable laws and regulations constitutes cause for immediate termination of the contract. There were no instances of failure to comply with laws and regulations relevant to forced labour or child labour by independent contractors noted during the year ended December 31, 2023.

4. REMEDIATION MEASURES

As of December 31, 2023, no remediation activities have been undertaken as no reports related to forced labour or child labour were received and Acadian has not identified any specific instances of forced labour or child labour in

its activities and supply chains. Management of Acadian must maintain procedures for preventing and detecting violations of law and Acadian's policies, and the human resources manager or equivalent is responsible for overseeing compliance with these procedures. Acadian has established a confidential reporting procedure for employees through which anyone may report a breach of the Code of Business Conduct. All complaints must be separately documented and include a report that contains a complete description of the allegation(s), the action taken (including investigation and/or disciplinary action), the status of the file as pending or closed and, if closed, a statement describing the final disposition of the case. A summary of such documentation with respect to each complaint must be forwarded to the Chief Financial Officer on a regular basis. The Chief Financial Officer will report to the Audit Committee quarterly on all complaints received.

5. REMEDIATION OF LOSS OF INCOME

As of December 31, 2023, no remediation activities have been undertaken as Acadian has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

6. TRAINING

Acadian has not yet implemented formal training courses on forced labour and child labour but plans to do so during 2024, including awareness-raising activities regarding forced labour and child labour.

7. PROGRAM EFFICACY

As of December 31, 2023, no action has been taken to assess effectiveness in preventing and reducing risks of forced labour and child labour in Acadian's activities and supply chains. If any risks are identified, Acadian will take actions to prevent and reduce such risks in its goods importation activities and supply chains.

8. FUTURE ACTIONS

Management of Acadian will continue to assess the risks of forced labour and child labour in its supply chain and to review current policies to identify areas where improvements or enhancements may be required.

9. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of Acadian on May 8, 2024, pursuant to subparagraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in the report for the entity specified below. 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 specified above.

I make the above attestation in my capacity as Chair of the Board of Directors of Acadian for and on behalf of the Board of Directors.

I have the authority to bind Acadian.

"Malcolm Cockwell"

Malcolm Cockwell, Board Chairman
Acadian Timber Corp.