

CIPA Lumber Co. Ltd.'s **Modern Slavery Act Report for 2023 Financial Year**

ABOUT THIS REPORT

CIPA Lumber Co. Ltd., has prepared this report (the "**Report**") pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year that ended March 31, 2024. All references in this Report to "**CIPA**", "**we**", "**us**", or "**our**" refer to CIPA Lumber Co. Ltd., unless otherwise indicated. This Report constitutes the first report prepared by CIPA Lumber Co. Ltd., pursuant to the Act. This Report has not been externally assured.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

CIPA Lumber Co. Ltd., does not report under similar legislation in any other jurisdiction.

INTRODUCTION

As a member of the ITOCHU Group, we are guided by our corporate mission, *Sampo-yoshi* (Japanese for "good for all three sides": good for the seller, good for the buyer, and good for society). In accordance with *Sampo-yoshi*, we are committed to serving all stakeholders – including respecting human rights and adhering to all laws and regulations governing human rights (including prohibitions on the use of Modern Slavery). We support international agreements on human rights, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at work, and the United Nations Global Compact, which ITOCHU has been a signatory to since 2009.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Company Structure

CIPA is a privately held veneer manufacturing company, with federal business number 100972835, headquartered in Delta, British Columbia, Canada.

CIPA is owned by two Japanese companies - 49% is owned by ITOCHU Corporation ("**ITOCHU**"). ITOCHU Corporation is a publicly traded company headquartered in Tokyo and Osaka, Japan. ITOCHU is listed on the Tokyo Stock Exchange (Ticker Symbol: TYO 8001) and specializes in trading of various products, including textiles, machinery, chemicals, food, IT, and realty. 51% is owned by Daiken Corporation ("**DAIKEN**") which is 100% owned by ITOCHU. DAIKEN specializes in the manufacture of housing industry materials.

CIPA is a provincially regulated and union certified company that employs **145** people, all of which operate at their manufacturing facility in Delta, British Columbia, Canada.

Activities and Operations

CIPA purchases logs from government regulated companies within British Columbia, and processes them into veneer sheets that are then sold to secondary manufacturers within Canada and the United States. These companies process the veneer into manufactured products such as plywood sheets or laminated veneer lumber beams which are used in the building industry. The by-products from the veneer manufacturing process are also sold to secondary manufacturers within Canada and the United States.

Our Supply Chains

CIPA operates within a highly statutorily regulated employment law environment and industry, and it and all our supply chain entities fully comply in all aspects. We purchase raw logs from provincial and/or federally regulated suppliers that are all participants of a government oversight process. CIPA purchases manufacturing parts and equipment from suppliers in Canada, the United States, Japan, and Europe. Companies in all of these countries or geographical areas also operate within strict, statutorily regulated employment environments that prohibit forced and child labour. CIPA is also Programme for the Endorsement of Forest Certification (the "PEFC") certified, which its sustainable forest management and chain of custody standards incorporate social criteria based on the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

POLICIES AND DUE DILIGENCE

It is our goal to provide a positive work environment and a solid economic foundation upon which all employees may build a future. This is solidified in the policies applicable to CIPA including our Code of Conduct and Human Rights Policy, set out in further details below.

Code of Conduct

As a member of the ITOCHU Group, we embrace and support the ITOCHU Group's mission and goals, such as embracing a wide range of social responsibilities including legal compliance and implementing corporate ethics through our practices and policies. CIPA's Code of Conduct (the "**Code**") solidifies this commitment. We expect all employees, including management, to execute business with a thorough comprehension of our Code and underlying corporate mission. Further, all employees and officers are expected to read, understand and abide by the Code, as well as CIPA's other policies and applicable laws and regulations.

Our Code solidifies our commitment to respecting human rights and all laws and regulations governing human rights (including prohibitions on the use of Modern Slavery). We aim to promote full and productive employment, in accordance with the ITOCHU Group's Human Rights Policy, as described in more detail below. Where appropriate, we also ask our business partners to abide by this Policy and cooperate with us to conduct human rights due diligence.

At CIPA, safe and respectful workplaces are a priority. As such, we seek to maintain diverse workplaces that are discrimination and harassment-free, and provide a safe working environment that protecting the health and safety of our employees.

ITOCHU Group Human Rights Policy

The ITOCHU Group Human Rights Policy (the "**Human Rights Policy**") is applicable to CIPA as it is imposed upon and adopted by ITOCHU's subsidiaries in various regions around the world, including CIPA.

Under the Human Rights Policy we support international agreements on human rights, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, which ITOCHU has been a signatory to since 2009. We comply with all laws and regulations of the countries in which we perform our business activities, and if there are any contradictions between internationally recognized human rights and the laws and ordinances of a country or region, we will seek to maximize respect for international human rights principles.

Due Diligence

CIPA has embedded responsible business conduct into its policies and management systems. As noted, CIPA's Code of Conduct states that we prohibit the use of forced labor, respect human rights and all laws and regulations governing human rights and promote full and productive employment and decent work for all in accordance with ITOCHU Group Human Rights Policy.

CIPA has also adopted a comprehensive procedural training and operating program that is available to all employees on the company intranet. The operating manuals help CIPA to identify and assess risks and adverse impacts in operations, supply chains and business relationships. Within the compliance and reporting system, there are detailed procedures for reporting, investigating, and following up on any possible issues or concerns.

CIPA further follows the PEFC, which its sustainable forest management and chain of custody standards incorporate social criteria based on the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Moreover, CIPA, and its suppliers, operate within strict, statutorily regulated employment environments that prohibit forced and child labour. CIPA strives to fully comply with these regulations at all times.

Compliance Hotline

Any action that may conflict with our Code or other internal policies will promptly be reported to the Chief Compliance Officer, the Legal & Compliance Division, or other available resources through CIPA's Compliance Hotline (the "**Hotline**"). The Hotline can be accessed online or by phone 24 hours a day, seven days a week.

CIPA will not engage in or permit retaliation of any kind against any person who seeks legal or ethical advice, reports known or suspected misconduct in good faith or cooperates in an investigation. CIPA will investigate all claims of retaliation and take appropriate corrective action.

POTENTIAL RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

The highly regulated environments that CIPA and its suppliers operate within all prohibit forced and child labor. As such, CIPA considers the risk of Modern Slavery occurring within our

operations to be low. Not only does our workforce exist only within Canada, which has comprehensive and strict labour, employment, and human rights laws, but also as a member of the ITOCHU Group we have a number of strong policies in place regarding labour standards for our employees.

Potential Risks in Our Operations

CIPA considers the risk of Modern Slavery occurring within our operations to be low. Not only does our workforce exist only within Canada, which has comprehensive and strict labour, employment, and human rights laws, but also as a member of the ITOCHU Group we have several strong policies in place regarding labour standards for our employees.

Potential Risks in Our Supply Chains

We recognize that there could be a risk of Modern Slavery occurring within our supply chains. We understand that geographic considerations, the nature of some of the raw material and particular industries can carry a higher risk of Modern Slavery. There are also risks linked to certain industries even in countries considered to have lower risks of Modern Slavery. However, the North American forest industry is generally considered to have a low risk of forced labour or child labour being used because Canada and the United States have strong laws and regulations prohibiting forced labour and child labour. Further, the North American forestry industry is largely mechanized, reducing the reliance on manual labour. In addition, all our raw materials are sourced from suppliers located in Canada and the United States. Accordingly, based on our risk assessment processes described in this report and due diligence processes, we view the risks of Modern Slavery in our supply chains as low.

Under the Human Rights Policy, if any of our business activities induce a negative impact on human rights or if involvement of such becomes clear, we strive to remedy and rectify the situation through appropriate procedures and dialogue. However, through our assessment of our operations and supply chains regarding the risk of Modern Slavery being used, we did not identify any instances of Modern Slavery. Accordingly, no steps were required to remediate Modern Slavery, or the loss of income associated with remediation efforts.

Management and Mitigation of Potential Risks

Our Code of Conduct, Compliance Hotline, and due diligence measures offer a reporting mechanism for our employees and suppliers to report ethical or legal violations, among other concerns. In accordance with our principles and policies, if a situation of non-compliance is identified, CIPA will work to develop and implement a corrective plan to improve and remedy the situation. Moreover, the highly regulated environments that CIPA and its suppliers operate within all prohibit forced and child labor, and as a result there are no perceived risks. By complying with employment and other regulations, the company has judged that vulnerable families have not experienced a loss of income.

TRAINING

CIPA employees receive regular training on various ethical topics and internal policies. A benefit to being part of the ITOCHU family, our employees receive training from ITOCHU on the Human

Rights Policy in order to raise human rights awareness and incorporate and implement the Human Rights Policy in our business activities. Presidents, directors, and employees are expected to submit written confirmations declaring that they have reviewed and shall "observe laws and internal rules" annually.

ASSESSING EFFECTIVENESS

We intend to continue to reevaluate the need to implement measures to assess the effectiveness of the processes we have in place based on the evaluation of our risks as described in this Report. Indeed, as part of the PEFC audit that CIPA undertakes each year (as well as the independent financial statement audit and other industry reporting, verification and certification procedures that are required), CIPA's effectiveness of its processes and procedures is evaluated and assessed each year.

APPROVAL & ATTESTATION

This Report was approved pursuant to Section 11(4)(a) by the Board of Directors of CIPA on May 23, 2024.

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.

Tony Shi

I have the authority to bind CIPA Lumber Co. Ltd.
Tony Shi, President & CEO
CIPA Lumber Co. Ltd.
May 30, 2024