

Goodfellow Inc.

Report on Forced and Child Labour in Supply Chains and Modern Slavery Statement Fiscal Year 2023

Slavery and human trafficking is a far reaching and important issue. Goodfellow considers the respect of human rights to be a fundamental corporate responsibility and has zero-tolerance for forced labour and child labour within the organization and its supply chain. Goodfellow is committed to implementing measures to prevent and reduce the risk of forced labour or child labour, including any other forms of modern slavery, in its operating activities and in those of its supply chain.

1. ABOUT THIS REPORT

This report relates to the financial year ending November 30, 2023. It is published by Goodfellow Inc. (the “**Company**”) in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Canadian Act**”) and the UK Modern Slavery Act 2015 (the “**UK Act**”).

The scope and information provided in this report applies to Goodfellow Inc. and to its subsidiaries, Goodfellow Distribution Inc. (USA) and Quality Hardwoods Ltd., and its employees, collectively referred to herein as “Goodfellow” and “the Company”.

This report highlights the key actions of the Company within the last financial year to prevent and reduce the risk of forced labour or child labour in its operating activities and in those of its supply chain.

As stated in this report, the development and implementation of an action plan was started during the reporting period in order to improve the Company’s practices. Establishing priority action items has guided this approach to prevent and manage human rights risks, which includes a review of internal policies and practices.

2. ABOUT GOODFELLOW

Goodfellow is a diversified manufacturer of value-added lumber products, as well as a wholesale distributor of building materials and floor coverings. The Company has a distribution footprint from coast-to-coast in Canada servicing commercial and residential sectors through lumber yard retailer networks, manufacturers, industrial and infrastructure project partners, and floor covering specialists. It also leverages its value-added capabilities to service lumber markets internationally.

Quality Hardwoods Ltd. is a wholly owned subsidiary of Goodfellow Inc. located in Powassan, Ontario, which manufactures, sells, and distributes hardwood lumber products in Ontario and in the United States. Goodfellow Distribution Inc. (USA) is a wholly owned subsidiary of Goodfellow Inc. and operates as a distributor of lumber, forestry products and other building materials in the United States. In the UK, Goodfellow’s products are distributed through a third-party agent.

The Company reports annual turnover of approximately \$513M in sales (to the nearest million) and employs approximately 650 people, subject to seasonal demand. The Company’s head office is located in Delson, Quebec, where its main distribution and remanufacturing plants are located. The Company operates in 16 other locations across Canada, where it conducts sales, distribution, warehousing, and wood transformation activities, as well as one location in the US.

3. SUPPLY CHAINS

Goodfellow recognizes that goods manufactured in Canada, the US, Europe and Australia have less risk of forced labour or child labour. During the fiscal year 2023, Goodfellow purchased goods from approximately 2,850 suppliers. Of these suppliers, 94.5% were located in Canada, the US, Europe and Australia, and the remaining 5.5% of suppliers are in South America, China and other Asian countries.

However, the Company also recognizes these suppliers may have in turn purchased goods originating, remanufactured or distributed from other countries. Goodfellow is evaluating industry best practices and internal processes which could improve the transparency and reduce the potential risks from these areas.

It is also understood that suppliers may source *elements* of their products, components, treatments, packaging and ingredients from overseas manufacturers, which may have higher prevalence of labour rights abuses. Goodfellow is evaluating industry best practices and internal processes which could improve the transparency and reduce the potential risks from these areas as well.

Lumber and Other Forestry Products

Lumber and other forestry products represent approximately 75% of total turnover at Goodfellow. These products include, but are not limited to, mass timber; pressure treated lumber and plywood; coated or stained exterior wood and engineered wood siding; hardwood, softwood and laminated veneer panel products; engineered wood products; rough and dressed imported and domestic hardwoods; wood flooring products; and various grades, species, and sizes of softwood lumber, such as cedar and pine.

The location of suppliers of wood and forestry products is largely dictated by the species that is harvested. For example, much of the Maple, Oak and Walnut species grows in North America, therefore the labour needed to process these products is geographically limited to North America. Generally speaking, most of the Company's lumber and wood products originate in North America and is processed at domestic sawmills.

4. POLICIES AND DUE DILIGENCE PROCESSES

For many years, Goodfellow has been certified Forest Stewardship Council® (FSC® C008114) and Sustainable Forestry Initiative® (SFI-01692). As part of these certifications, annual assessments and audits of their Core Labour Requirements are conducted, which cover the abolition of child labor, elimination of all forms of forced or compulsory labor, elimination of discrimination with respect to employment and occupation, upholding freedom of association, and the effective recognition of the right to collective bargaining. Goodfellow has continually demonstrated conformance to this standard and been granted renewal of its certifications year after year.

As part of its commitment to continuously improve practices with regards to preventing and managing human rights risks, in fiscal year 2023 Goodfellow initiated and is in the final stages of updating of its Code of Ethics and Business Conduct ("**Code**"), as well as its charters of the board of directors and committees which will help refine governance practices and better reflect its role in upholding human rights through ethical and sustainable business practices across its supply chains.

One of the most important ways to ensure ethical business practices is to encourage employees, directors, officers, shareholders and other stakeholders to speak up or ask questions about situations that may violate laws, internal policies or the Code. The Board is responsible for overseeing enforcement of its Code in accordance with applicable laws and regulations, as well as Goodfellow's whistleblowing policy and procedure which has been in place for many years.

Although Goodfellow has not yet implemented a formal system of due diligence and controls, over the next months and years the Company is committed to strengthening policies, ensuring suppliers adhere to such policies, and adjusting processes so that risks of forced labour and child labour in business and supply chains is identified and properly addressed.

5. RISK ASSESSMENT & REMEDIATION MEASURES

Goodfellow believes that establishing long term and trusted business relationships with business partners and suppliers can enhance overall performance and the Company will continue to collaborate closely with them to assess and address any risk of forced and child labour in shared supply chains.

Although Goodfellow has not yet started a formal risk assessment process, the Company acknowledges that the risk of forced labour and child labour in the industry exists, given that supply chains, including those of suppliers, extends into regions potentially facing greater risk of forced labour and child labour. Goodfellow also acknowledges that instances of human rights abuses have occurred in the lumber sector and as such, the Company recognizes that it has a responsibility to take a strong approach to addressing forced and child labour risks, and this will be reflected in the risk assessment process that Goodfellow is currently formulating.

In that context, Goodfellow values large suppliers that are well-established and reputable organisations with a history of good relations with the Company, whether they are local, domestic or from overseas. The Company's most important suppliers generally have high human rights standards, as well as procurement policies that discourage the use of forced and child labour.

The Company is not aware of specific instances of forced labour or child labour with any its suppliers; therefore no measures have been taken during the reporting period to remediate forced labour or child labour or loss of income in our activities and supply chains.

6. TRAINING

During the reporting period, Goodfellow did not provide employee training with regards to human rights issues but is committed to acting ethically and with integrity in all business relationships, which represent core values of the organization and will continue to examine ways to enhance its human rights training practices.

7. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Goodfellow is in the process of reviewing practices and developing an action plan and will therefore implement measures to assess the effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains at a later stage.

This report was approved by the Board of Directors of Goodfellow Inc. on April 8, 2024 pursuant to subparagraph 11(4)(b)(ii) of the Canadian Act and section 54(6)(a) of the UK Act and constitutes our group's report and statement for the financial year ending November 30, 2023.

In accordance with the requirements of the Canadian 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 Canadian Act, for the reporting year indicated above.

I have the authority to bind Goodfellow Inc.

(Signed) "Robert Hall"

Chair of the Board of Directors
Goodfellow Inc.

April 8, 2024

Date