



HARDWOODS SPECIALTY PRODUCTS LP.

**ANNUAL COMPLIANCE REPORT ON FORCED AND CHILD LABOUR
UNDER THE REQUIREMENTS OF THE CANADIAN LEGISLATIVE BILL S-211 YEAR 2023**

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HARDWOODS®
Materials That Inspire

OPENING STATEMENT

It is with great pride and a deep sense of responsibility that we present this report detailing our commitment and efforts to prevent forced and child labour within our supply chain. At Hardwoods Specialty Products LP. We recognize the gravity of the global challenge posed by forced labour and its impact on human rights. Our commitment to ethical business practices extends beyond mere compliance—it is a cornerstone of our identity.

As per our mission statement, “we are a world class distributor of architectural products. We are uncompromising in our commitment to be the preferred choice for our customers, the best partner for our vendors, and a great place to work for our valued employees.” Taking a stand against forced and child labour reflects a part of our mission in that we work with our vendors as best partners. We create relationships with our vendors that ensure we will be able to guard against the use of forced and child labour in our supply chain.

In this report, we will share the measures we have implemented to identify, assess, and mitigate the risk of forced labour in our supply chain. By embracing transparency, accountability, and collaboration, we aim to set a standard for responsible business conduct that goes beyond mere compliance with regulations. Our journey towards eradicating forced labour is not just a corporate obligation but a moral imperative that we embrace wholeheartedly.

As you delve into the pages of this report, we invite you to join us on this journey of continuous improvement and ethical leadership. Thank you for your interest in our commitment to preventing forced labour.

SCOPE OF REPORT

This report is being submitted as a single report representing Hardwoods Specialty Products LP., a limited partnership, whose legal name is Hardwoods Specialty Products LP., and is a subsidiary of ADENTRA Inc. Hardwoods Specialty Products LP. business number is 859524803. The report is outlining activities for the most recently fully completed financial year which began on January 1st, 2023, and ended on December 31st, 2023.

LEGAL STATUS AND BUSINESS ACTIVITIES IN CANADA

- Hardwoods Specialty Products LP. is the only reporting entity in Canada under the legislation found in the Fighting Against Forced Labour and Child Labour in Supply Chains Act Part 2, 11, (2b and 4a). Hardwoods Specialty Products LP. acts as the central hub for compliance and oversight for all its operations regarding the import and distribution of goods within Canadian jurisdiction.
- Hardwoods Specialty Products LP. is responsible for all shipments into Canada and manages all inbound shipments and factory relationships related to its entities and brands.

ACTIVITIES OF HARDWOODS SPECIALTY PRODUCTS LP.

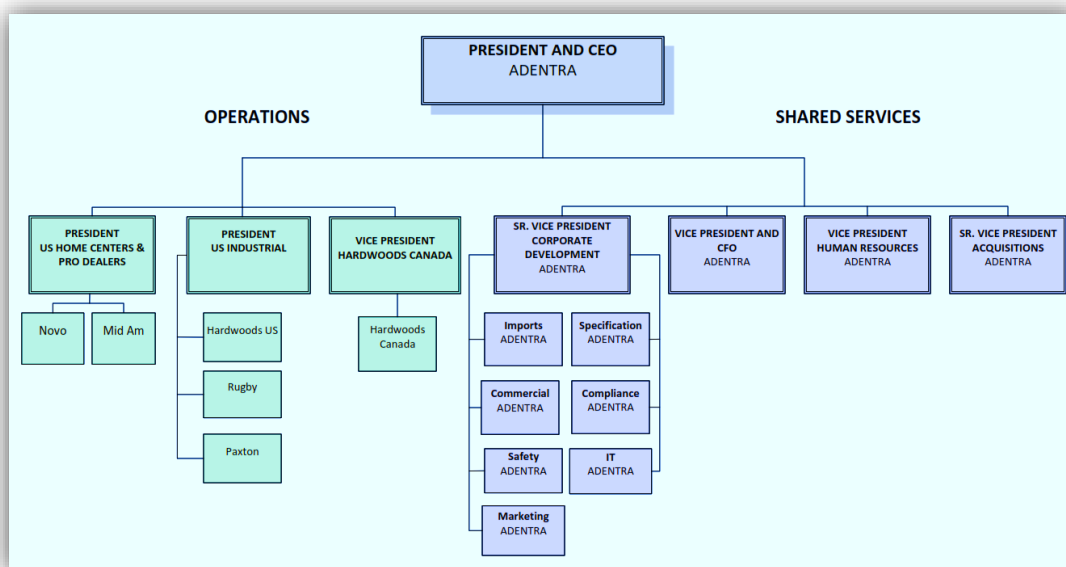
Hardwoods Specialty Products LP is a wholly owned subsidiary of ADENTRA Inc. We have been in operation for over 70 years in Canada providing decorative architectural building products to the manufacturing sectors of Canada’s millwork and sink cabinet industry. We are a premier distributor of various surfaces that include (laminates, acrylics, polymers, composites), unfinished and finished veneers, architectural grade plywood, and hardwood lumber all for use in commercial and residential applications.

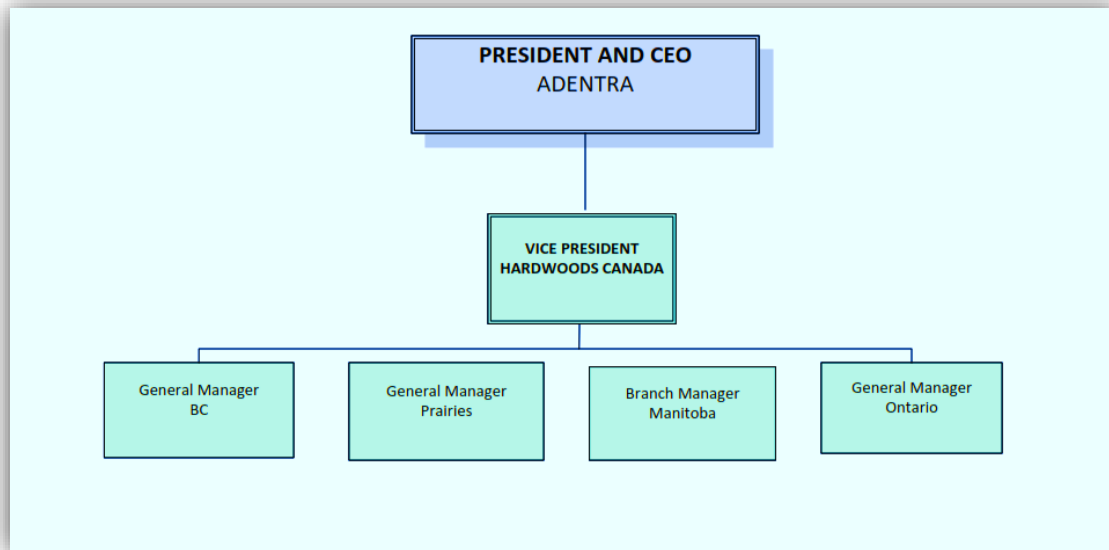
We employ a diverse and dedicated workforce that reflects our commitment to excellence and ethical business practices. We operate eight distribution centers in Western Canada, and we employ some 136 employees in Canada. Our operations are in British Columbia, Alberta, Saskatchewan, and Ontario.

We are engaged in several different organizations and programs that has allowed us to be better members of our industry and keep our supply chain intact with the utmost in integrity. Below is a list of organizations and programs we are a part of:

- a. Forest Stewardship Council-FSC
- b. International Organization for Standardization -ISO Cybersecurity Standing
- c. Customs Trade Partnership Against Terrorism -CTPAT
- d. National Hardwood Lumber Association- NHLA
- e. International Wood Products Association- IWPA
- f. Composite product Association- CPA
- g. National Builders’ Manufacturers Distribution Association -NBMDA
- h. Canadian Kitchen Manufacturers and Distributors Association-CKMDA

ORGANIZATIONAL STRUCTURE





SUPPLY CHAIN OVERSIGHT AND LABOUR PRACTICES

Hardwoods Specialty Products supply chains originate at places all over the world. We source products from several nations including China, other countries in Southeast Asia, the United States, and multiple countries in the European Economic Community (EEC). Since our supply chain spans so many different countries and several different legislative programs are in place in these countries, we take a more hands on approach to how it is we go about determining whether forced and child labour is being used in our supply chain. This will be expounded upon later in this section below.

We are responsible for all imports of products into our facilities in Canada. We are responsible for the carriage of goods from the factory or distributor's door in the countries that we import from to our facilities here in Canada. We are also responsible for all customs clearances, payment of duties and taxes, and customs compliance pre and post import for all goods we import.

Our supply chain oversight is managed internally by our Compliance Team. Our compliance team is responsible for all types of compliance including but not limited to Lacey Act compliance, Forest Stewardship Council compliance, and forced and child labour compliance. Our compliance team is comprised of the following roles:

- a. Senior Vice President of Corporate Development
- b. Vice President of Imports
- c. Director of Compliance
- d. Geographical Buyers
- e. Asia Procurement Agent
- f. Inspectors

The Director of Compliance for the Import Division of Hardwoods Specialty Products works with the Vice President of Imports at ADENTRA Inc. to develop strategies, implementing these strategies, and evaluating the outcomes of the implementation of these strategies to prevent forced and child labour from appearing in our supply chains for all our subsidiaries individually.

Director of Compliance will pass the strategy plan to prevent forced and child labour to the Vice President of Imports at ADENTRA Inc. and the Senior Vice President of Corporate Development for review and approval. The plan, then moves to the Vice President of Hardwoods Specialty Products LP. for review and final approval. Afterward, the plan is distributed to the Compliance Team for implementation and adherence.

The following outlines the steps that Hardwoods Specialty Products has taken during its previous financial year to prevent and reduce the risk that forced and child labour is used in the goods that are in our supply chains for import into Canada. As stated previously, since we import from so many countries, we exercise a more hands-on approach when it comes to screening for forced and child labour.

Per our *Lacey Act and Compliance Manual* all our foreign producers and vendors have their backgrounds screened annually using Dow Jones Factiva. Dow Jones Factiva is a paid service that searches public archives of over 33,000 news and information sources from nearly 200 countries and territories across 32 languages for adverse media, state ownership, and sanctions lists that the company may be listed on. Afterward, all foreign producers and vendors are searched for on the US Treasury Office of Foreign Assets Control Resource Center's Sanctions Programs (OFAC) database to see if they are listed for offences related to forced and child labour as well as other potential criminal activity. We screen our producers and vendors on OFAC's Resource Center's Sanctions Programs database annually.

Hardwoods Specialty Products also requires all our foreign producers and vendors to review and sign an *Environmental Pledge* which includes the statement, "Treat all our workers as per local labour laws, providing them with a safe working environment. In addition, we will use no prison labour and no child labour." We expect this statement to be adhered to once signed by our producers and vendors.

Hardwoods Specialty Products overseas contracted staff located throughout East Asia consisting of 12 employees. They work under the manager of our Asia office. The manager reports directly to our Vice President of Imports. Our contracted staff are responsible for regular visits, usually annually, to our producer's mills to inspect for compliance on several different programs as mentioned above. Forced and child labour compliance is one element of our overall compliance program that our contracted staff look for while on site to make sure that compliance to our standards is being met. We have been doing these on-site inspections prior to the passing of Fighting Against Forced Labour and Child Labour in Supply Chains Act in May of 2023.

Our overseas contracted staff in East Asia also support the evaluation and onboarding process of new suppliers by being a hands-on presence doing the evaluation. Most of our non-North American production comes from various countries in East Asia. As such, we feel it necessary to do our onboarding evaluation in person, being that so much is at risk should we select a producer who is not able to produce as per the standards set out in our *Lacey*

Act and Compliance Manual. Forced and child labour is inspected for at the producers mills at this time.

Hardwoods Specialty Products also interviews our North American suppliers via phone or online meetings for forced and child labour compliance. We conduct a regular annual review of our North American suppliers as per the guidelines of our *Lacey Act and Compliance Manual* to go over various compliance programs with forced and child labour being something that we cover.

Upon completion of all inspections and interviews a supplier certification will be issued by Hardwoods Supply Products to the producer or vendor in question. The producer or vendor in question will be expected to uphold the expectations given to them through the certification processes. Director of Compliance will be the person responsible for the issue of all supplier certifications.

Foreign suppliers, particularly from East Asia, represent the most risk for forced and child labour. It is where our compliance program focuses the strongest effort on training our procurement team. Only a limited number of Geographical Buyers are authorized to purchase from countries in East Asia. These Geographical Buyers are trained more intensely in identifying forced and child labour prior to assuming their roles.

REMEDIATION MEASURES FOR THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES

Currently, we have no remediation measures in place that would provide income for those who have suffered under forced and child labour.

REGULAR REVIEW AND POLICY UPDATE

Our Compliance Team annually reviews and assesses our compliance strategies and policies to ensure they remain practical and relevant to the needs of the communities we impact. This will include updating our risk assessments and remediation plans as part of our ongoing commitment to ethical practices.

TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

All employees are required to review and sign our *Code of Corporate Conduct and Behavior* which covers forced and child labour upon their hiring or when the *Code of Corporate Conduct* undergoes substantial changes.

All procurement and contract employees receive regular guidance and direction from our Director of Compliance and our Vice President of Imports. In addition to this, we conduct annual forced and child labour specific in-house training for procurement employees and our East Asia contracted employees inspect our producers' mills. We also provide annual forced and child labour training to our Geographical Buyers who are focused on North American supply on forced and child labour.

ASSESSING THE EFFECTIVENESS OF OUR PLAN IN FIGHTING FORCED AND CHILD LABOUR

Every year, Hardwoods Specialty Products Compliance Team holds a review of all documentation, training materials and programs, and any supplier certifications. This includes review and possible amendments of the *Lacey Act and Compliance Manual*, *Code of Corporate Conduct*, and supplier certifications to reflect changes to the regulations related to Fighting Against Forced Labour and Child Labour in Supply Chains Act. The Compliance Team will also assess changes in Fighting Against Forced Labour and Child Labour in Supply Chains Act regulations to see if any in-house processes or certification process need to be amended.

CLOSING STATEMENT

At Hardwoods Specialty Products LP., we remain steadfast in our commitment to ethical sourcing and supply chain integrity. Through rigorous monitoring, supplier engagement, and continuous improvement initiatives we are committed to advancing our standards to eliminate forced and child labour within our supply chain.

Furthermore, we recognize the importance of transparency and accountability, which is why we are dedicated to openly sharing our progress and challenges in combating forced labour. We remain committed to this cause and will continue to work tirelessly to uphold the dignity and rights of all workers throughout our supply chain.

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 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.

Full name: Jason West

Title: Vice President-Canada

Date: May 30, 2024

Signature: 

I have the authority to legally bind 'Hardwoods Specialty Products LP.'