

# **ITOCHU Canada Ltd.'s** **Modern Slavery Act Report for 2023 Financial Year**

## **ABOUT THIS REPORT**

ITOCHU Canada 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 "**ICL**", "**we**", "**us**", or "**our**" refer to ITOCHU Canada Ltd. unless otherwise indicated. This Report constitutes the first report prepared by ITOCHU Canada 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.

ITOCHU Canada 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, Activities, and Operations***

ICL is a privately held company, with business number 121379309, headquartered in Vancouver, British Columbia. ICL is in the forestry and wholesale trade business. Specifically, ICL operates within the Canadian forest sector and has one office located in Vancouver, British Columbia. It employs eight employees, all of which are within Canada.

ICL is owned by ITOCHU International Inc. ("**III**"), which is a 100% owned subsidiary of ITOCHU Corporation ("**ITOCHU**"). ITOCHU 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.

ICL has been selling wood products for over 30 years, which are primarily used in construction. ICL is Programme for the Endorsement of Forest Certification (the "**PEFC**") chain of custody certified. As part of a global alliance for national forest certification systems, ICL takes pride in

promoting sustainable forest management through independent third-party certification. We remain dedicated to industry-leading innovation and high-quality wood products which are mainly used in construction.

### ***Our Supply Chains***

ICL sources wood products from reputable suppliers who are located in British Columbia, Canada. Much of the wood products are PEFC certified. ICL outsources towing, storage and processing to companies located in British Columbia.

## **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 ICL 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. ICL'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 ICL'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.

At ICL, 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 ICL as it is imposed upon and adopted by ITOCHU's subsidiaries in various regions around the world, including ICL.

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***

ICL has embedded responsible business conduct into its policies and management systems. As noted, ICL'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.

ICL also follows the PEFC, whose 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. ICL has signed a policy statement stating its commitment to comply with the social, health and safety requirements of PEFC ST 2002:2020 standard, which states:

- (a) Workers are not prevented from associating freely, choosing their representatives, and bargaining collectively with their employer,
- (b) Forced labour is not used,
- (c) Workers, who are under the minimum legal age, the age of 15, or the compulsory school attendance age, whichever is higher, are not used,
- (d) Workers are not denied equal employment opportunities and treatment, and
- (e) Working conditions do not endanger safety or health.

This declaration emphasizes core principles, including the elimination of all forms of forced or compulsory labour and the effective abolition of child labour, which ICL follows.

### **Compliance Hotline**

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

ICL 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. ICL will investigate all claims of retaliation and take appropriate corrective action.

### **POTENTIAL RISKS IN OUR OPERATIONS AND SUPPLY CHAINS**

In 2023, we undertook the following steps to prevent or reduce the risk of Modern Slavery in our supply chains and operations:

- ICL's Code of Conduct was updated, and all employee's signed an acknowledgement and certification of compliance.
- ICL's Code of Conduct states, in part, that, "We respect human rights and adhere to all laws and regulations governing human rights (including prohibitions on the use of forced labor)." We aim to promote full and productive employment and decent work for all in accordance with the ITOCHU Group Human Rights Policy. Where appropriate, we ask our business partners to abide by this Policy and cooperate with us to conduct human rights due diligence.
- ICL updated its Employee Handbook, which includes its commitment to compliance with all applicable human rights law, and this commitment applies to all persons involved in Company operations.

### ***Potential Risks in Our Operations***

ICL 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 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.

### ***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, ICL will work to develop and implement a corrective plan to improve and remedy the situation. To date there have been no identified or reported instances of loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

## **TRAINING**

ICL 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 to raise human rights awareness and incorporate and implement the Human Rights Policy in our business activities. At least once per year, the ICL requires all employees to attend PEFC training, and ICL expects its presidents, directors, and employees 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 measure to assess the effectiveness of the processes we have in place based on the evaluation of our risks as described in this Report.

## APPROVAL & ATTESTATION

This Report was approved pursuant to Section 11(4)(a) by the Board of Directors of ICL on May 27, 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.



I have the authority to bind ITOCHU Canada Ltd.  
Kelly Vogt, Vice President  
ITOCHU Canada Ltd.  
May 27, 2024