

Report on Steps to Reduce the Risks of Forced and Child Labour in Supply Chains

INTRODUCTION

This is the joint first annual report from Mosaic Forest Management Corporation (the “**Corporation**”), Mosaic Forest Management Limited Partnership, Island Timberlands Limited Partnership, Island Timberlands GP Ltd., TimberWest Forest Corporation, and TimberWest Forest Company (collectively, “**Mosaic**”) on forced and child labour in supply chains, made in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023 (the “**Act**”). It sets out the actions taken by Mosaic to address forced and child labour risks in our operations and supply chains for the year ending December 31st, 2023. Mosaic is committed to respecting the rights and dignity of all people and taking steps to identify and address any actual or potential exploitative practices in our business. At Mosaic, we believe we can contribute to positive human rights impacts by playing our role as a responsible corporate citizen.

MOSAIC’S STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Business Structure

The Corporation was created in connection with the affiliation of Island Timberlands Limited Partnership (“**Island Timberlands**”) and TimberWest Forest Corp. (“**TimberWest**”) in 2018. The Corporation is the general partner of Mosaic Forest Management Limited Partnership, Island Timberlands GP Ltd. is the general partner of Island Timberlands, and TimberWest is the general partner of TimberWest Forest Company. The Corporation provides overall governance for Mosaic and is the timberlands manager for both Island Timberlands and TimberWest. The Mosaic entities are Canadian entities ultimately owned by the British Columbia Investment Management Corporation and the Public Sector Pension Investment Board.

Business Activities

Mosaic’s principal areas of business are harvesting logs, selling logs to domestic and international markets, real estate development, and the sale of carbon credits through our Big Coast Forest Climate Initiative. The Corporation manages the forest planning, operations and product sales of TimberWest and Island Timberlands, two B.C. businesses proudly operating on Vancouver Island for over 100 years, and collectively one of the largest private forest landowners in Canada. Mosaic manages private forest lands to protect the cultural values of our Indigenous partners, provides sustainable forest stewardship and environmental services, and offers a variety of recreational opportunities, scholarships, and donations to our neighbouring communities. One of the Mosaic entities was the first forestry company in Canada to be certified under the globally recognized Sustainable Forestry Initiative over 20 years ago. One of the Mosaic entities was also the first forestry company to achieve Gold level Progressive Aboriginal Certification from the Canadian Council of Aboriginal Business, making it the first and only timberland owner in Canada to achieve this standard of excellence. Mosaic’s employees work in a wide variety of roles and functions, including operations, sales, marketing, and Indigenous partnerships.

Supply Chains

Mosaic's suppliers are predominantly located in Canada, and the majority of its workforce consists of Canadian employees and contractors. We procure a diverse range of goods and services to support our business activities. Key areas of expenditure are below:

- **Forestry-related operations**
 - road building
 - brushing
 - harvesting
 - log storage and sorting
 - silviculture
 - contracted services
- **Facilities, equipment and associated services**
 - vehicles and heavy equipment, including purchase, leasing and maintenance
 - fuel services
 - waste management and recycling services
 - safety equipment and workwear
- **Transportation and shipping**
 - log hauling
 - ship chartering
- **Communications and technology**
 - IT hardware
 - IT software and systems services
 - telecommunications services
- **Corporate services**
 - consulting and advisory services
 - stationary and corporate equipment
 - catering and event services

It is important to Mosaic that we continuously seek to identify risks and areas for improvement across our business and then implement appropriate actions to address them. As part of our ongoing drive to meet our business standards and values, we aim to regularly monitor and assess our suppliers, providing advice and support to manage risk.

RISK ASSESSMENTS

We assess risks of child and forced labour in our supply chains, primarily by using the following reasoning to determine high risk categories:

- whether raw material was sourced overseas;
- whether goods or parts were manufactured overseas; and
- where contractor services may use low-skilled labour or have opaque subcontracting relationships.

The results of this risk assessment provide focus areas for actions to prevent child and forced labour in our supply chain. Higher risk areas in our business are:

- contracted forest operations services where low-skilled labour and/or subcontracting may be used;
- equipment, particularly where parts are manufactured overseas;
- contracted ships for transport of logs overseas; and
- customers.

MEASURES TAKEN, INCLUDING RELEVANT POLICIES, TRAINING AND DUE DILIGENCE PROCESSES

Procedures and Policies

Mosaic is strongly committed to human rights and fundamental freedoms, the health, safety and well-being of people in the workplace, sustainability, and the environment. Mosaic's employees and contractors are expected to conduct themselves according to the highest ethical standards and comply with all relevant domestic and international laws and the organization's policies and procedures. It is of utmost importance to Mosaic that we safeguard our employees' safety and welfare, and we have many policies, procedures, and guidelines in place which we believe help to ensure that Mosaic can provide a safe and respectful working environment. Mosaic furthermore has a system of risk assessments, investigations, due diligence, and training that, together with our policies and procedures, provide a framework for preventing forced and child labour within the business and its supply chains. These policies, procedures and systems provide a strong starting framework for protections against forced and child labour and include:

- Whistleblower Policy and reporting system
- hiring guidelines
- recruiting guidelines and administration
- anti-corruption and bribery procedures
- contract management policy and procedures
- procurement policies
- contractor health and safety policy
- employee health and safety reporting

Whistleblower Policy

Mosaic's Whistleblower Policy encourages all our employees, customers, contractors, and other business partners to report any concerns related to the direct activities, or the supply chains of, our business. This includes any circumstance which may give rise to an enhanced risk of forced or child labour. The Whistleblower Policy is designed to make it easy and safe for any individual to confidentially disclose concerns without any retaliation.

Eyes and Ears on the Ground

We are active on our job sites, consistently providing on-the-ground oversight to ensure safe and legally sound practices are employed. We aim for strong relationships with all our contractors, resulting in in-depth knowledge of their safety and ethical practices and their employee base. We provide mentorship to contractors on safety and ethics, intervening when standards are not met.

Due Diligence

In addition to diligence undertaken through the foregoing policies, procedures and systems, we conduct regular due diligence searches with Kroll Inc. for third-party vendor and customer screenings, which include searching the public domain, litigation, and regulatory and government agencies.

Training

Mosaic provides a range of internal training courses for employees and contractors, which, while not directly addressing child and forced labour in 2023, provide a strong framework for us to develop specific future training protocols on this topic for 2024 and beyond. This training includes:

- anti-corruption and bribery training
- annual Code of Conduct review and sign off
- contractor Health and Safety Policy

Mosaic is committed to reviewing and updating our policies, practices and employee training to more specifically address our goal of minimizing any risk of forced and child labour in our operations and/or supply chains.

Measures Taken to Remediate any Forced Labour or Child Labour

We have not identified instances of forced labour or child labour in our supply chains or operations in 2023.

Measures Taken to Remediate the Loss of Income to the Most Vulnerable Families that Results from any Measures taken to Eliminate the Use of Forced Labour or Child Labour

We have not identified areas in 2023 where loss of income occurred to vulnerable families resulting from any measures taken to eliminate the use of forced or child labour.

Further Steps to Prevent Forced or Child Labour in our Business and Supply Chain in 2024 and beyond

Despite having a strong foundation of policies and procedures currently in place, we are not complacent: following the 2024 implementation of the Act, it will be even more important to Mosaic that we be leaders in eradicating exploitative practices, and we are currently working to develop and implement a framework of actions for compliance with the Act, applying a continual improvement approach as follows:



EFFECTIVENESS ASSESSMENT

We did not directly assess our effectiveness in addressing forced and child labour in 2023, but the effectiveness of our actions will be assessed through the further steps we will be undertaking as noted above and by monitoring:

- due diligence reviews;
- reporting on identified improvement actions for 2024; and
- monitoring and resolution of any complaints or reports of issues that may arise.

REPORT APPROVAL AND ATTESTATION

As a joint report, this report has been approved by the boards of directors of each of the Corporation, TimberWest and Island Timberlands GP Ltd. as the governing bodies on their own behalf and as the general or managing partner, as applicable, of the other entities covered hereby.

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.

Mosaic Forest Management Corporation in its own capacity and in its capacity as general partner of **Mosaic Forest Management Limited Partnership**



Rob Gough, President & CEO

TimberWest Forest Corp. in its own capacity and in its capacity as managing partner of **TimberWest Forest Company**



Rob Gough, President & CEO

Island Timberlands GP Ltd. in its own capacity and in its capacity as general partner of **Island Timberlands Limited Partnership**



Rob Gough, President & CEO