

**REPORT UNDER THE FIGHTING AGAINST
FORCED LABOUR AND CHILD LABOUR
IN SUPPLY CHAINS ACT**

**ROBERT STEWART HOLDINGS LTD.
IVAN ANDERSEN HOLDINGS LTD.**

FINANCIAL YEAR ENDED OCTOBER 31, 2023

MAY 27, 2024

Introduction

This report has been prepared jointly by Robert Stewart Holdings Ltd. and Ivan Andersen Holdings Ltd. (the Holding Companies), as the owners of Apollo Forest Products Ltd., Lakeland Mills Ltd., Nechako Lumber Company Ltd., in response to the reporting requirements under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") for the financial year ending October 31, 2023.

The Holding Companies acknowledge the risks of forced labour and child labour in the global supply chain. We are committed to continuous improvement in our due diligence, risk assessment, remediation, and training processes. We are also committed to promoting labour practices that protect the safety and human rights of our workers, contractors, and suppliers, as well as preventing and mitigating the risks of forced labour and child labour in our operations and supply chains.

Organization Structure, Activities, and Supply Chain

Structure

The family-owned and operated Holding Companies own a group of wood product companies in the Central Interior of British Columbia, Canada. The founders, Ivan Andersen and Bob (Robert) Stewart, started as lumber wholesalers in 1962 and expanded into manufacturing in 1969.

This report includes five (5) operations which meet the reporting requirements of the Act. Three (3) operations are considered 'entities' under the Act:

- Apollo Forest Products Ltd. (Apollo) located in Fort St James, BC,
- Lakeland Mills Ltd. (Lakeland) located in Prince George, BC, and
- Nechako Lumber Company Ltd. (Nechako) located in Vanderhoof, BC,

Two (2) operations are subsidiaries of entities and are, therefore, also included in the scope of this report:

- Premium Pellet Ltd. (Premium Pellet) in Vanderhoof, BC, is a subsidiary of Nechako, and
- Winton Homes Ltd. (Winton Homes) located in Prince George, BC, is a subsidiary of Lakeland.

The five (5) operations which are in scope for this report are collectively referred to as 'the Group of Companies.'

Sinclar Group Forest Products Ltd. (Sinclar) is also owned by the Holding Companies but is excluded from the scope of this report because it is not a manufacturing business nor an importer of foreign goods or services.

An overview of the organizational structure is provided below.

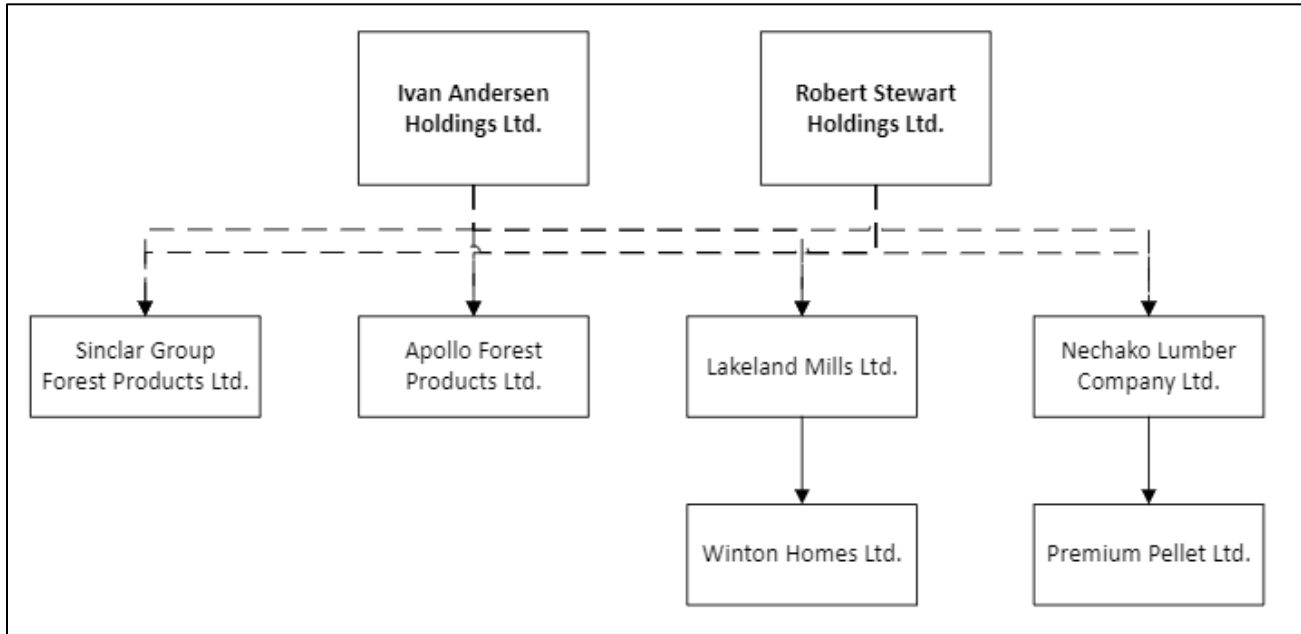


Figure 1. Organizational structure.

Activities

The Group of Companies collectively produce lumber, homes, engineered wood products, and wood pellets. We also run bioenergy systems that sustainably convert our residual wood into energy, powering our communities while reducing carbon emissions. Apollo, Lakeland, and Nechako produce stud lumber of various lengths and dimensions. Winton Homes produces engineered wood products, trusses, and wall panels for residential and commercial construction. Premium Pellet produces wood pellets from sawmill residuals, most of which are used to offset coal in electricity generation facilities.

Sinclar then sells the lumber products mostly within North America, with roughly 10% being sold into the Asian market. Our engineered wood products and housing components are sold within approximately 1,000 km of central British Columbia. The bulk of our wood pellets are sold overseas with a small portion serving the local (<200km) home heating market.

Supply Chain

The Group of Companies operates in the forestry and forest products manufacturing industries. The vast majority of our supply chain is local to British Columbia, Canada, with most vendors and suppliers being located in the same cities as our operations.

For the lumber mills (Apollo, Lakeland, and Nechako) the bulk of the inputs (roughly 80% on an annual cost basis) are for raw timber harvesting and transport, and labour. External contractors, utilities and liquid fuels, and supplies comprise an additional 10% of mill inputs on average. Additional downstream supply chain providers are involved in either rail or road transportation as products are sold FOB a distribution point.

Premium Pellet is similar with approximately 70% of the production inputs being accounted for in fibre and wages. External contractors, utilities and liquid fuels, and supplies comprise an additional 23% of mill inputs on average. Additional downstream supply chain providers are involved in rail transportation as pellets are sold FOB a port.

At Winton Homes, labour and wood products (i.e. lumber) account for roughly 60% of the supply chain inputs with an additional 10% going to other supplies.

Table 1. Supply chain input summary.

Category	Input	Operation	Description
Fibre Inputs	Planning and Development	Apollo, Lakeland, Nechako	Service provided by internal staff or local, external contractors to prepare for harvesting
	Harvesting	Apollo, Lakeland, Nechako	Service provided by local, external contractors to cut, pre-process, and transport logs
	Log Purchases	Apollo, Lakeland, Nechako	Purchase of logs for sawmilling from local sources
	Raw Fibre	Premium Pellet	Purchase of sawmill residuals for local mills including Apollo, Lakeland, and Nechako
	Hauling	Premium Pellet	Transportation of raw fibre provided by local trucking companies
Production Inputs	Wages	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Internal wages for production and supervisory staff
	External Services	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Service provided by local, external contractors for various maintenance and specialty activities
	Utilities and Fuels	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Inputs of electricity, natural gas, diesel, gasoline, and propane for heating, powering mill equipment, and running mobile equipment, provided by local utility companies and fuel suppliers
	Supplies	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Broad category of supply chain inputs including production consumables, equipment parts, electrical equipment, lubes, oils, and greases, safety supplies, gloves and other safety clothing, and steel, provided by local suppliers and distributors
	Wood Products	Winton Homes	Finished lumber and engineered wood products provided by local suppliers and distributors
Transportation	On-Road	Apollo, Lakeland, Nechako, Premium Pellet	Transportation of finished products provided by local trucking companies
	Rail	Apollo, Lakeland, Nechako, Premium Pellet	Transportation of finished products provided by rail companies (mostly CN Rail)
Information Technology	Hardware and Software	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	IT tools for staff and equipment provided by Canadian companies

Steps Taken to Prevent and Reduce the Risk of Forced and Child Labour

The Group of Companies have taken steps to prevent and reduce the risk of forced labour and child labour in our operations and supply chains through the actions and process of our forestry certifications. The Sustainable Forestry Initiative Certification (SFI) covers all our forestry actions on the landscape and the logs, fibre, and wood products used as inputs throughout our operations. SFI requires that organizations ‘shall comply with all applicable social laws at the federal, provincial, state, and local levels’ and ‘respect the rights of workers and labor representatives in a manner that encompasses the intent of the International Labor Organization (ILO) core conventions.’¹ The Sustainable Biomass Program (SBP) is an additional certification for our wood pellets. SBP requires that ‘decent working conditions are provided, and labour rights are safeguarded’, that ‘forced or compulsory labour shall not be used’, and that ‘child labour shall not be used.’²

Additional details about our certifications can be found on our website: [Certifications \(sinclar.com\)](https://www.sinclar.com/certifications).

Policies and Due Diligence Processes

Through the SFI and SBP certifications the Group of Companies have developed and implemented comprehensive policies and procedures which are in line with the intent of the Act. These policies and procedures ensure due diligence in reducing labour-related risks within our fibre-related operations.

Forced Labour and Child Labour Risk

To date, the Group of Companies’ approach has focused on the risks to employees and contractors in our operations, including working toward a proactive, interdependent safety culture, respecting human rights, and protecting new and young workers.

The Group of Companies has conducted a review of the main portion of our supply chain to identify areas where there is potential for forced or child labour. The primary geographic location of our suppliers is within North America and, as such, is covered by national legislation and regulation prohibiting the use of forced labour or child labour. Our SFI and SBP certifications cover the largest material input into our operations and ensure steps are in place to reduce labour-related risks.

Risks are currently defined as:

- Low: the product or country of origin of a tier 1 supplier is not identified as high-risk
- Moderate: more information about higher tier suppliers is required or higher tier suppliers are identified as high risk
- High: the product or country of origin of a tier 1 supplier is identified as high-risk

Additional details from the risk assessment are provided below.

¹ SFI 2022 Forest Management Standard [Forest Management Standard - forests.org](https://www.forests.org/Forest-Management-Standard)

² SBP Standard 1: Feedstock Compliance [SBP Standards v2.0 - Sustainable Biomass Program \(sbp-cert.org\)](https://www.sbp-cert.org/SBP-Standards-v2.0)

Table 2. Supply chain risk summary.

Category	Input	Operation	Risk	Description
Fibre Inputs	Planning and Development	Apollo, Lakeland, Nechako	Low	Local labour and services covered by Canadian and British Columbian laws. All fibre is sourced from SFI Certified and sustainably managed forests
	Harvesting	Apollo, Lakeland, Nechako	Low	
	Log Purchases	Apollo, Lakeland, Nechako	Low	
	Raw Fibre	Premium Pellet	Low	
	Hauling	Premium Pellet	Low	
Production Inputs	Wages	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Low	Local labour covered by Canadian and British Columbian laws
	External Services	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Low	Local labour and services covered by Canadian and British Columbian laws
	Utilities and Fuels	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Low	Local utility providers are regulated under British Columbian laws. Fuels are sourced from local providers
	Supplies	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Moderate	More information required from suppliers about the risks associated with their products. Supplies from high-risk product categories are being sourced locally
	Wood Products	Winton Homes	Low	Wood products are sourced from local mills and distributors
Transportation	On-Road	Apollo, Lakeland, Nechako	Low	Local labour and services covered by Canadian and British Columbian laws
	Rail	Apollo, Lakeland, Nechako, Premium Pellet	Low	CN Rail has completed a supply chain assessment and has not identified any high-risk suppliers nor has it identified any instances of forced or child labour
Information Technology	Hardware and Software	Apollo, Lakeland, Nechako, Premium Pellet, Winton Homes	Moderate	More information required from suppliers about the risks associated with their products. IT equipment can contain high-risk inputs

Most of our supply chain categories have been assessed as low risk. The ‘Supplies’ and ‘Information Technology’ categories will require additional research to understand the risk in the supply chains of our suppliers. The products or countries of origin for these categories are considered low risk, however, based on currently available information we are unable to assess the risk of the higher tier suppliers. These two categories account for less than 1% of spending from the last fiscal period for our operations.

We acknowledge that further understanding the risks of forced and child labour in our supply chains is an important next step to develop targeted actions and engagement with our suppliers. We are committed to improving our understanding of these supply chain risks, by engaging in research, mapping our supply chain, and seeking feedback from our suppliers.

Remediation Measures

The Group of Companies have not identified any forced labour or child labour in our business or supply chain. As a result, we have not had to take any measures to remediate or eliminate any forced labour or child labour.

Employee Training and Capacity Building

The Group of Companies maintains an online training database that is used for onboarding and refresher training for all employees. This system controls training frequency, content, and participation rates. The current training content focuses on worker rights and programs related to health and safety.

Specific training related to the SFI and SBP certification programs is provided to employees who regularly interact with those programs (forestry employees and pellet plant management staff). Senior leadership staff are also required to have a baseline capacity in the certification programs.

Assessing Effectiveness

The Group of Companies conduct regular internal and external audits of our certification programs. Any non-compliance is addressed promptly with corrective action plans. As our supply chain is low risk and no instances of forced or child labour have been identified, we have not been able to assess our effectiveness of our programs.

Continuous Improvement and Prospective Interventions

The Group of Companies and the Holding Companies are committed to ethical supply chain management and working diligently to ensure that our operations are free from forced and child labour. Through this assessment and reporting process, we acknowledge that a continuous improvement plan is required to inform a gap analysis and generate actions and interventions. By the end of our current fiscal year, we commit to:

- reviewing the supply chain reports of other, BC based, forestry companies to identify best practices,
- developing and implementing targeted supply chain risk management awareness training for procurement staff and senior leadership, and
- develop a risk assessment and mitigation continuous improvement framework for our supply chain labour risks.

Approval and Attestation

This report has been approved by Ivan Andersen Holdings Ltd. and Robert Stewart Holdings Ltd. In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the report for Apollo Forest Products Ltd., Lakeland Mills Ltd., Nechako Lumber Company Ltd., Premium Pellet Ltd., and Winton Homes Ltd. Based on our knowledge, and having exercised reasonable diligence, we 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.

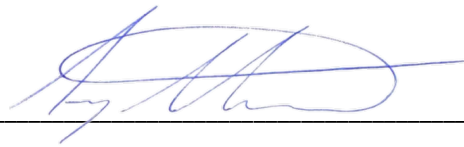
Dated in the City of Prince George, British Columbia, this 27th day of May 2024.

'I have the authority to bind Ivan Andersen Holdings Ltd.'



Gordon Andersen,
Director, Ivan Andersen Holdings Ltd.

'I have the authority to bind Robert Stewart Holdings Ltd.'



Greg Stewart,
Director, Robert Stewart Holdings Ltd.