

Vaagen Bros. Lumber, Inc.

Forced Labor in Canadian Supply Chains Report

Introduction

This report addresses the legal requirements outlined in subsections 11(1) and 11(3) of the Act, detailing the steps taken by Vaagen Bros. Lumber, Inc, and subsidiaries Vaagen Fibre Canada, ULC, and ASPA Industries, during the previous financial year to prevent and reduce the risk of forced labor or child labor in our production processes and supply chains. This report has received the necessary approvals and includes the signed attestation.

Structure, Activities, and Supply Chains

Entity Structure and Activities

Vaagen Bros. Lumber is engaged in manufacturing lumber in the United states. Our operations are contained in the United states. Subsidiaries, Vaagen Fibre Canada, ULC. and ASPA Industries are located in Canada, however, they have discontinued operations as of March 31st, 2023. The requirement to file this report is based on the combination of 2-year history and the assets of the discontinued and non-operating mill located in Midway, BC.

Our supply chain involves sourcing raw materials which are sourced locally to Colville, WA in the United States. These raw materials are then processed and manufactured into the final products of Lumber.

Supply Chains

Raw materials are sourced locally and generally within a 50 mile radius of the Colville, WA mill. Supply chain of raw materials are typically reliant on local and national government agencies adhering to the strict US labor laws. Raw materials sourced outside of government agencies are typically sourced from local landowners. We maintain close relationships with our loggers to ensure adherence to our ethical standards within our community.

Policies and Due Diligence Processes

Policies

Vaagen Bros. Lumber is committed to upholding human rights and ethical labor practices. Our policies on forced labor and child labor include:

- **Compliance of Local and National US Labor Laws:** We expect our entities, employees, and suppliers to adhere to local and national labor laws, Washington State Department of Labor and Industries and the U.S. Department of Labor.
- **Vetting Right to Work Status:** Employees must complete and sign the US Employment Eligibility Verification Form I-9 and provide original documentation establishing their identity and employment authorization withing three business days of the employee's first day of employment.

- **Supplier & Contract Labor Screening & Agreements:** Suppliers and independent contractors are required to fill out onboarding forms with the company that include signature clauses to certify compliance with labor standards.

Due Diligence Processes

To ensure compliance, we have implemented rigorous due diligence processes:

- **Risk Assessments:** Conduct risk assessments of our supply chains to identify potential risks of forced labor and child labor if necessary or suspected negligence.
- **Supplier & Contract Labor Engagement:** Work collaboratively with suppliers and contractors to improve labor practices and rectify any issues if identified. Suppliers and contractors that have aged more than a year from activity are required to complete a new onboarding packet with the company.

Risk Assessment and Management

Identification of High-Risk Areas

We have not identified any parts of our business and supply chains that carry a high risk of forced labor or child labor. Majority of our current supply chains are U.S. entities that must also adhere to local and governmental labor agencies. Evaluation of risk will continue to be monitored with onboarding of suppliers.

Risk Management Steps

To assess and manage risks, we will take the following steps:

- **Enhanced Screening:** Implement enhanced screening processes for high-risk suppliers during vendor onboarding processes.

Remediation Measures

Remediation of Forced Labor and Child Labor

We will take the following measures to remediate any identified instances of forced labor or child labor:

- **Termination of Contracts:** Terminate contracts with suppliers who fail to comply with our labor standards after repeated violations.

Income Remediation for Vulnerable Families

We have not been exposed to vulnerable families affected by the elimination of forced labor or child labor. If we do, we plan to:

- **Community Engagement:** Engaged with local communities to understand their needs and provide targeted support if deemed necessary.

Training and Capacity Building

Employee Training

We have provided the following training to employees on forced labor and child labor:

- **Awareness Programs:** Conducted awareness programs to educate employees on the signs and impacts of forced labor and child labor.
- **Specific Training:** Offered specialized training for employees in procurement, compliance, and supply chain management.

Assessing Effectiveness

Effectiveness Assessment

To assess our effectiveness in ensuring that forced labor and child labor are not used in our business and supply chains, we have:

- **Audits & Compliance:** Supplier and Contractor onboarding forms are reviewed and verified for completeness and additionally retained with the supplier cards. Right to Work Status documents are also reviewed for completeness and retained for verification.
- **Feedback Mechanisms:** Established mechanisms for feedback from stakeholders, including employees, suppliers, and affected communities.

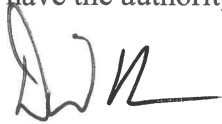
Conclusion

Vaagen Bros. Lumber, Inc. and its subsidiaries remain committed to eradicating forced labour and child labor from our supply chains. This report outlines the comprehensive steps we have taken in the past financial year and future coming year to address these issues and ensure ethical labor practices throughout our operations.

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.

I have the authority to bind Vaagen Bros. Lumber, Inc. and its subsidiaries.



David Bruce, CFO

5-23-24

Date