

ANNUAL REPORT FOR THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT (CANADA)

This report (the “Report”) is filed by Stella-Jones. Inc (“Stella-Jones”) or (“the Company”) for the purposes of meeting Stella-Jones’ obligations under Canada’s **Fighting Against Forced Labour and Child Labour in Supply Chains Act** (“the Act”). The Report outlines the steps Stella-Jones has taken during the 2024 financial year to identify, prevent, and reduce the risk that forced, or child labour is used at any step in the production of goods and services by Stella-Jones or in its supply chain.

SUBSECTION 11(3)(A) STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Stella-Jones Inc., an entity incorporated under the Canada Business Corporations Act, manufactures products for the North American market with a focus on supporting infrastructure essential to electrical distribution and transmission and railway transportation systems. It supplies the continent’s major electrical utilities with treated wood utility poles and provides North America’s Class 1 short line and commercial railroad operators with treated wood railway ties and timbers. Stella-Jones also supports infrastructure with industrial products, namely timbers for railway bridges, crossings and construction, marine and foundation pilings, and coal tar-based products. Additionally, the Company manufactures and sells premium treated residential lumber and accessories to Canadian and American retailers for outdoor applications. In 2024, the total production volume across all products was 109 million cubic feet.

The Company operates 44 wood treating plants and a coal tar distillery. These facilities are located across Canada and the United States and are complemented by an extensive distribution network. As of December 31, 2024, the company’s workforce numbered 3,018 employees, with 919 located in Canada.

Wood fibre and treatment preservatives are the primary materials used in the production processes. Wood fibre is procured primarily in North America from government timber sale programs, forest tenures, private woodland owners, sawmills and lumber producers. In 2024, less than 1% of the Company’s wood fibre purchase spend came from outside North America, namely Europe. Treatment preservatives

are procured from North America and Europe, with vendors sourcing some product components from overseas locations.

In addition to the trucking fleet managed by Stella-Jones, the services of third-party logistics providers from the United States and Canada are utilized both upstream and downstream of the manufacturing process.

SECTION 11(3)(B) POLICIES AND DUE DILIGENCE PROCESSES

Stella-Jones’ Human Rights (“Policy”) is available on Stella-Jones’ website (www.stella-jones.com). Stella-Jones’ due diligence processes that relate to forced labour and child labour include:

- **Risk Assessment:** Stella-Jones screens tier 1 suppliers for human rights risks. This process includes a desktop review of publicly available information and dedicated risk discussions with the procurement, logistics, human resources, and operations teams at Stella-Jones. A wide range of sources were used for the desktop review including industry and country level risks, the U.S Department of Labor List of Goods from Child of Forced Labor (2024), as well as publicly available policies and reports from company websites. In 2024, 356 suppliers representing 70% of total procurement spend were screened through this risk assessment process.
- **Supplier Engagement:** During 2024, Stella-Jones engaged with suppliers that were identified as higher risk through the risk assessment process. Engagement included discussion on regulatory requirements and Stella-Jones’ commitments towards human rights in our supply chain. Suppliers signed a Stella-Jones -supplied letter of certification that acknowledges their obligations to prevent child and forced labour in their operations and supply chain, and to notify Stella-Jones of any non-compliance.

- **Reporting Channels:** Stella-Jones’ third-party anonymous reporting hotline is available to employees, contractors, business partners and community members to report matters of concern, including issues related to forced labour and child labour. Additionally, in 2024 Stella-Jones established an additional risk tracking process for employees to report concerns through their line-managers for follow-up. In 2024, two concerns related to human rights were submitted through this new channel, with both risks investigated internally and closed without the need for remediation.
- **Human Rights Compliance Program:** In 2024, the Company’s Human Rights Compliance Program was approved by management. The program formalizes the internal procedures, roles and responsibilities for compliance with the Act.

SECTION 11(3)(C) FORCED LABOUR AND CHILD LABOUR RISKS

Stella-Jones’ supply chain risks are more limited than manufacturers with large global supply chains, with most suppliers to Stella-Jones based locally in North America. Stella-Jones has not identified any specific known or confirmed occurrences of forced or child labour or other human rights abuses within its supply chain. The following is a list of the potential risks for Stella-Jones’ supply chain or product categories:

- **Fibre Procurement:** Forced labour has the potential to be a risk for a small portion of the wood fibre supply in the southern United States, where migrant labour is employed on-site. Any fibre procured from overseas locations has chain of custody certification which requires compliance with the International Labour Organisation (ILO) convention. Religious-based, family-owned sawmills and timberlands may also use child labour as permitted under the U.S. Fair Labor Standards Act. Stella-Jones’ Human Rights Policy addresses this by prohibiting the employment of individuals in violation of applicable local minimum age laws.

- **Transportation:** The third-party logistics providers, particularly those in Southern California, who utilize a migrant workforce and whose services are obtained through the spot market have an increased risk of forced labour.
- **Preservatives:** Chemical product inputs sourced from China, a location with a heightened risk for child and forced labour, occurs in the treatment preservative supply chain.
- **Third-Party Product Distribution:** The residential lumber accessories category has goods sourced from international locations such as China, Mexico, Thailand, Poland and the U.K. The suppliers used by Stella-Jones have also implemented human rights due diligence processes and report under the Act.
- **Equipment:** The large mobile equipment used at production facilities can be manufactured internationally, which presents a limited amount of risk. Stella-Jones’ solar panel installations at our manufacturing facilities use solar modules manufactured in the U.S. which has reduced the risk of forced labour for these materials.

SECTION 11(3)(D) REMEDIATION MEASURES

Stella-Jones has not identified any confirmed instances of forced or child labour, and consequently, no remediation measures have been taken.

SECTION 11(3)(E) REMEDIATION OF LOSS OF INCOME

Stella-Jones has not identified any confirmed instances of forced or child labour, and therefore, no measures have been taken to remediate loss of income that result from measures taken by Stella-Jones.

SECTION 11(3)(F)
TRAINING

Human Rights training is delivered to all employees every two years. The training is an internally-developed e-learning module that is issued through the Company training platform. The training’s completion is mandatory for all employees involved in contracting and procurement decisions.

SECTION 11(3)(G)
ASSESSING EFFECTIVENESS

In 2024, the internal audit team at Stella-Jones undertook the first audit of the Human Rights Compliance Program against the requirements of the Act. The audit report was presented to the Audit Committee of the Board of Directors and responsibility assigned internally for all identified findings or areas of improvement.

CHAIR OF THE BOARD ATTESTATION

In accordance with the requirements of the Supply Chains 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.

Katherine A. Lehman
Chair of the Board of Directors
February 26, 2025



I have the authority to bind Stella-Jones Inc.

