

**Canadian Statement Against Forced Labour and Child Labour in Supply Chains**

pursuant to an Act to enact the Fighting Against Forced Labour and Child Labour in  
Supply Chains Act and to amend the Customs Tariff,  
referred to as Canada's "Modern Slavery Act" (the "Act")  
for the fiscal reporting period October 1, 2023 – September 30, 2024.



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## **Our Business**

This Report is provided in accordance with Bill S-211: Fighting Against Forced Labour and Child Labour in Supply Chains, a Federally Legislated Act in Canada, that came into effect January 1, 2024. This Bill is to implement Canada's international commitment to combat forced labour and child labour through the establishment of reporting obligations.

La Crete Sawmills Inc. (LCSM) is a single entity corporation, locally owned and operated lumber manufacturing facility established in 1989. LCSM began with humble beginnings and has grown into a medium size sawmill with a recognizable brand within the lumber industry. Our goal is to create Sustainable Wood Products for a Better World.

Currently, we operate as a team of approximately 140 dedicated employees that strive to produce a quality product to meet our own high standards. We specialize in the dimensional lumber production of spruce and aspen as well as the production of quality wood heating pellets. One hundred percent of LCSM's timber supply is sourced in Alberta, Canada. The company harvests a combination of crown land through our Forest Management Agreement (FMA) which is managed through government tenure and a small percentage through purchases from private lands.

Our mill's annual capacity is up to 110 million board feet; the lumber mill operates a two-line sawmill with two dry kilns, a planer, and a remanufacturing facility. The wood pellet mill began operation in January of 2003 in a brand new 17,600 square foot building and can produce up to 150,000 tonnes of pellets annually.

LCSM sells our lumber products to Canadian Customers as well as to Brokers who in turn sell to Canadian and wholesale suppliers around the world. LCSM is not currently involved in exporting any of our lumber products, other than Wood Heat Pellets, where we export to 2 customers in the USA.

## **Sustainability**

### **Forest Management**

La Crete Sawmills, as part of the Upper Hay Regional Forests Woodland Group, is committed to professional and sustainable forest management practices that are based on the natural cycle of growth and disturbance of the forests.

Through extensive research, detailed input from surrounding communities including the first nations, and spatial modelling, the woodlands management team develops specialized resource plans to establish an innovative and sensitive approach to forest management.

Careful planning assures a balance of social responsibility, water sources, wildlife habitat, and environmental risks such as wildfires and insect infestation.

### **Trade Associations**

As a leader in the forestry industry, and a partner in a Forest Management Agreement, we are proud members of various associations that promote environmental stewardship, champion sustainability, and uphold quality standards.

Upper Hay Regional Forests

<https://highlevelwoodlands.com/>

La Crete Sawmills is a participant in a group made up of several independently owned and operated companies committed to being a cooperative team to preserve forest health. Working together and with the public, the Woodlands Group ensures a balance of social, economic, and ecological values to support sustainability for future generations.

Alberta Forest Products Association

<https://albertaforestproducts.ca/>

The Alberta Forest Products Association (AFPA) is a non-profit organization that focuses on supporting the success and telling the stories of Alberta's sustainable forest industry. It is also responsible for increasing public understanding of our forest resource and how the forest industry maintains it. AFPA is LCSM's certifying partner for our COR Certification (Health & Safety Management System).

Wood Pellet Association of Canada

<https://pellet.org/>

The Wood Pellet Association of Canada (WPAC) and its members are committed to supplying the world with responsible and renewable clean energy. Canada has become one of the largest pellet producers in the world, supplying customers domestically and globally with quality pellets that support a low-carbon economy.

## **Certifications**

### **Chain of Custody**

PEFC Certified Programme for the Endorsement of Forest Certification

<https://www.pefccanada.org/>

Programme for the Endorsement of Forest Certification (PEFC) is a global alliance of national forest certification systems. As an international non-profit, non-governmental organization, we are dedicated to promoting sustainable forest management through independent third-party certification.

Sustainable Biomass Program (SBP) with Renewable Energy Directive (RED II)

<https://sbp-cert.org/>

Sustainable Biomass Program (SBP) is a certification scheme designed for woody biomass used in industrial, large-scale energy production to provide assurance that woody biomass is sourced both legally and sustainably.

COR Certification (Health & Safety Management System) as mentioned under affiliation with Alberta Forest Products Association

## **Our Policies and Due Diligence Processes**

At La Crete Sawmills Ltd., we are committed to respecting and promoting human rights and safe working conditions.

LCSM will not tolerate the exploitation of children or trafficking, physical punishment, abuse, or involuntary servitude of any workers. Our Human Rights Policy explicitly prohibits the use of forced labour and workers who are under the minimal legal age will not be hired without meeting the requirements of the Alberta Employment Standards.

All employees review our Human Rights Policy during their Initial Hiring Orientation which includes that we stand against forced labour and do not practice under-age hiring according to the Alberta Employment Standards. Employees sign an agreement understanding LCSM's Employee Handbook including our Human Rights Policy.

Our Contractor Guide includes our Human Rights Policy and other pertinent policies. Contractors need to sign a Contractor Orientation Record. Their signature indicates agreement with the following statement:

*I agree that I have been oriented as to the Health & Safety polices and Procedures of La Crete Sawmills Ltd. I will ensure that my employees are aware of these polices and we will abide by them for the safety of everybody at the worksite.*

## **Due Diligence and Remediation**

LCSM is working on identifying and assessing adverse impacts of modern slavery in our daily operations as well as supply chain and business operations. The company is drafting a policy on how to carry out and mitigate this process.

LCSM is navigating how we can enhance visibility in our activities and business relationships.

We have not identified any instances of forced labour or child labour in our activities or supply chain to date. If any such claims of loss arise, LCSM shall activate a process to substantiate validity.

## **La Crete Sawmills Ltd. Operations**

LCSM's supply chain for its operations is as follows:

Forest Management – LCSM Managed in accordance with governing regulations

Log Harvesting, Transportation and Reforestation – Contracted Services

Wood Product Manufacturing – LCSM Managed Operations

Wholesale to Brokers/Customers – LCSM Managed Operation

Distribution to End Users – Transportation Services – own fleet and hired carriers

Risk for forced or child labor with daily operational supply is low due to the level of professionalism necessary to fulfill requirements.

## **Supply Purchase Risk Assessment & Identification**

Plant equipment, parts and technical services purchased both domestically and internationally, are assessed to be low risk due to the specific technical requirements that require a skilled workforce to manufacture. Procedures for mitigating potential risks are minimized as LCSM prioritizes sourcing equipment and services from Canadian suppliers wherever possible.

Supply procurement for La Crete Sawmills is approximately 95% within Canada, with 5% from the USA. Reviewing the fiscal reporting period, there is a very low risk of forced and child labour in our supply chain.

LCSM is working to enhance the awareness in our purchasing to identify the sources of the goods and services we use and are researching top suppliers for their commitment against forced and child labor in Canadian Supply Chains. If determined that there is a concern, LCSM

Management will decide on an alternative supplier with a commitment against forced and child labor. Frequently purchased categories that we are reviewing include:

- PPE – leather gloves, safety glasses, etc. Purchased in Canada
- Packaging materials (plastics) – Purchased Canada & USA
- Welding supplies – Purchased in Canada
- Mechanical parts – Purchased in Canada
- Electrical supplies – Purchased in Canada

### **Training**

Training methods are being reviewed and discussed. It has been determined that only those in the position of procurement are required to receive training. Formal training has not been completed as of this reporting period. This is a list of LCSM's Management staff involved in purchasing and are committed to awareness of potential and an avoidance of purchasing from a source where there is forced labor and child labor in the supply chain.

1. Seven (7) Direct Department Supervisors of Production and Operations
2. Two (2) Woodlands personnel
3. Seven (7) Office personnel
4. Two (2) Senior Management, President and CEO

### **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. For clarity, I am providing this attestation in my capacity as the CEO of La Crete Sawmills Ltd. and not in my personal capacity.



Abe Klassen  
CEO  
La Crete Sawmills Ltd.  
May 28, 2025