

DOMAN™

DOMAN BUILDING MATERIALS GROUP LTD.

2023 Report

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Published: May 30, 2024

Overview

Doman Building Materials Group Ltd. and certain of its subsidiaries, CanWel Building Materials Ltd., CanWel Fibre Corp. and Lignum Forest Products LLP (“**Doman**” or the “**Company**”) are producing this report (the “**Report**”) in accordance with Section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for the financial year ended December 31, 2023 (the “**Reporting Period**”).

Doman has been operating for 35 years, and is committed to being a valuable customer, supplier and employer across our business platforms, with health and safety being our highest priority. We take our obligations very seriously, and transact our business and expect all our partners to conduct business with us with the highest integrity and transparency.

This Report sets out Doman’s actions to identify and understand any forced labour or child labour risks related to our business, describes the policies and processes the Company has in place to combat these potential risks in our business and supply chains, and delineates our planning moving forward as well.

This Report has been approved by Doman Building Materials Group Ltd.’s board of directors (the “**Board of Directors**”) pursuant to subparagraph 11(4)(b)(ii) of the Act. All information presented in this Report is current as of the date set forth above unless otherwise indicated.

About Doman

Structure

Doman is Canada’s only fully integrated national distributor in the building materials and related products sector. The corporation commenced business in 1989, was listed on the TSX in 2004, and is continued under the Canada Business Corporations Act. Doman’s head office is located at Suite 1600, 1100 Melville Street, Vancouver, British Columbia, V6E 4A6 and its common shares are listed on the Toronto Stock Exchange under the symbol “DBM”.

Doman has a number of subsidiaries which operate in Canada, with its subsidiaries falling under the scope of the Act being as follows:

Name	Jurisdiction of Incorporation	Percentage owned
CanWel Building Materials Ltd. ⁽¹⁾	British Columbia	100%
CanWel Fibre Corp. ⁽²⁾	British Columbia	100%
Lignum Forest Products LLP ⁽³⁾	British Columbia	100%

(1) Doing business as Doman Building Materials.

(2) Doing business as Doman Timber.

(3) Lignum is a well-established brand in the lumber and forestry distribution market in Western Canada and the United States.

Activities

Doman operates several distinct divisions with multiple treating plants, planing and specialty facilities and distribution centres coast-to-coast in all major cities across Canada and select locations across the United States.

Doman fulfills a key intermediary role in the building materials distribution industry by purchasing large quantities of homogeneous products from primary producers and then selling and shipping smaller quantities of such building materials to its wholesale, retail and industrial customers.

Doman also offers value added services and products to its customers. Strategically located across Canada, Doman Building Materials Canada operates distribution centres coast-to-coast, and Doman Treated Wood Canada operates multiple treating plants near major cities; headquartered in Dallas, Texas, Doman Lumber operates 21 treating plants, two specialty planing mills and five specialty sawmills located in nine states, distributing, producing and treating lumber, fencing and building material servicing the central U.S.; Doman Building Materials USA and Doman Treated Wood USA serve the U.S. west coast with multiple locations in California and Oregon; and in the state of Hawaii the Honsador Building Products Group services 15 locations across all the islands. The Company's Canadian operations also include ownership and management of private timberlands and forest licenses, and agricultural post-peeling and pressure treating through its Doman Timber operations.

Supply Chains

Doman's supplier base consists of approximately 3,300 separate suppliers across all our product lines. In 2023, the largest supplier represented 14% of Doman's total purchases and the top five suppliers represented approximately 31% of total purchases. The majority of Doman's purchases are made in Canada and the United States. Many of Doman's suppliers and other service providers have unionized work forces.

Risk Assessment

Within our own operations, we have assessed our risks as minimal. All of our workers are employed in the United States and Canada, and we have fair and responsible employment practices in place to protect and promote employment and labour rights.

Within our supply chains, we have not identified any specific risks, other than those inherent to building materials distribution activities.

Policies and Due Diligence Processes

Policies

During the Reporting Period, the Company had the following policies in place to mitigate the risk of forced labour and child labour in its business and supply chains:

- *Code of Conduct and Business Ethics*: The Company's Code of Conduct and Business Ethics ("**Code of Conduct**") clearly sets out the Company's core values and the actions and behaviour expected from all Doman directors, officers and employees. The Company also expects its contractors and suppliers to adhere to the spirit of the Code of Conduct. The Code of Conduct states Doman's zero-tolerance approach to modern slavery and encourages employees to report any suspicion of modern slavery. The Code of Conduct is available on the Company's website.

- *Supplier Code of Conduct*: The Supplier Code of Conduct was approved in 2023, and going forward in 2024 requires all suppliers to comply with all applicable laws, regulations, and Doman policies. It forbids the use of forced labour and the unlawful use of child labour, as well as other inappropriate hiring and employment practices.
- *Whistleblower Policy*: The Company provides a Whistleblower Hotline which empowers stakeholders to raise any concerns relating to the Code of Conduct, including those relating to health and safety and human rights, and is committed to investigating and addressing any concerns raised. All reported violations of the Code of Conduct are reported to the Company's Audit Committee (a committee of the Board of Directors).

Due Diligence Processes

The Company also mitigates the risk of forced labour and child labour in its business and supply chains through various due diligence processes, including developing and implementing the following:

- performing regular inspections of our contractors' performance to ensure that contractors are meeting our operational expectations and complying with applicable laws, including those pertaining to forced labour and child labour;
- seeking partnerships with large, well-known vendors, including contractors and transportation partners, with a proven track record of performance;
- ensuring that the Company's contractual arrangements with suppliers are appropriately reviewed and contain appropriate representations, warranties and covenants requiring such suppliers to comply with all applicable laws; and
- performing general due diligence on prospective vendors to evaluate their suitability through a number of tools, which include but are not limited to: business, credit and supply chain reference checks, site visits, management meetings, and other steps to evaluate their business assets and credibility.

Remediation Measures

The Company was not aware of any instances of forced labour or child labour in its operations or supply chains during the Reporting Period and, accordingly, no remediation measures were required and no loss of income to vulnerable families has been incurred.

Training

The Company provides all new employees mandatory materials on its Code of Business Conduct and Ethics and requires their attestation and acknowledgement of their compliance with it as part of their onboarding and training. Moreover, the Company's employees are required to comply with all Company policies, and the Company provides regular training and testing to ensure that all employees understand such policies. In addition, the procurement team is mandated to comply with the Purchasing Management Association of Canada ("PMAC") Professional Code of Ethics, along with all applicable laws.

The Company is implementing and developing plans to train Doman employees who are engaged in the procurement of supplies and services on the topic of modern slavery, and has recently put in place a new Anti-Forced Labour Policy.

Assessing Effectiveness

The Company primarily assesses the effectiveness of its policies and due diligence processes relating to forced labour and child labour by monitoring and evaluating any concerns raised through its Code of Business Conduct and Ethics and Whistleblower Hotline (as described above). The Company also evaluates the use of the Whistleblower Hotline through regular, confidential employee engagement surveys, the results of which are used to inform updates to the Company's policies and changes to our workplace. To date, no issues relating to forced labour or child labour have been raised through the Code of Business Conduct and Whistleblower Hotline.

The Company continually evaluates the performance of our suppliers and service providers, including their compliance with our Code of Business Conduct, to ensure that the Company's business relationships align with our strategic objectives and core values. The Company documents any instances of non-compliance from our suppliers and service providers, including violations of our Code of Business Conduct, and will consider such non-compliances as we engage such supplier or service provider for future projects or, in some circumstances, terminate our business relationship with such supplier or service provider.

The Company's Nominating and Corporate Governance Committee ("**NCGC**") is responsible for assessing the overall effectiveness of the Company's corporate governance policies, including the Code of Business Conduct. The NCGC reviews the Code of Business Conduct on an annual basis.

Steps Taken in 2023

The Company has taken the following steps during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of the production of the Company's goods:

- elaborating and implementing a Supplier Code of Conduct;
- continuing to implement the other policies and mandated due diligence processes described in this Report; and
- providing mandatory copies of the Company's Code of Business Conduct and the Whistleblower Hotline to all new Company employees.

The Company intends to continue to review and update its policies, procedures and processes to ensure that it maintains appropriate safeguards against the risk of forced labour and child labour in its business and supply chains. The Company will also continue to implement its training processes to ensure that all employees are empowered to identify and report any suspected instances of forced labour and child labour in the course of their employment at Doman.

Attestation follows on the next page.

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 this 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.

ATTESTED this 30th day of May, 2024.

By order of the Board of Directors

/s/ "Amar S. Doman"

Amar S. Doman
Chairman of the Board and Chief Executive
Doman Building Materials Group Ltd.

I have authority to bind the Company.