

LOPES LIMITED REPORT ON FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

For the Financial Year Ending February 29, 2024

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1. INTRODUCTION

This report provides a comprehensive overview of the measures taken by Lopes Limited during the financial year from March 1, 2023, to February 29, 2024, to prevent and reduce the risk of forced labour and child labour in its operations and supply chains.

As a responsible corporation with a significant presence in Canada, Lopes Limited is committed to upholding the highest ethical standards in all its business activities. This includes ensuring that our operations and supply chains are free from forced labour and child labour.

In this report, we present a detailed account of our policies, due diligence processes, risk assessments, and remediation measures related to forced labour and child labour. We also provide information on our business structure, activities, and supply chains, as well as the sectors and industries in which we operate.

We believe that transparency and accountability are crucial in our efforts to combat forced labour and child labour. Therefore, we are pleased to share this report with our employees and the public. It is important to note that Lopes Limited is not subject to reporting obligations from any other jurisdictions. We hope that this report will provide valuable insights into our ongoing efforts to ensure ethical and responsible business practices.

2. OUR STRUCTURE AND ACTIVITIES

Lopes Limited is a corporation headquartered in Coniston, Ontario, Canada. Founded in 1976 we provide industrial fabrication, construction, and installation services to industries such as mining, energy, chemical, and oil. Strategically located next to the Trans-Canada Highway and with a spur connecting to a main rail line, we are able to efficiently build, store, and ship all the products we fabricate.

Lopes operates in various industrial sectors such as mining, manufacturing, construction, mechanical contracting, and sheet metal. Our operations are not limited to just Canada. We also import goods produced outside Canada.

3. OUR SUPPLY CHAIN

The Lopes Limited supply chain consists of suppliers that provide raw materials, equipment, and subcontractors to Lopes Limited. We focus on working with suppliers who:

- Share our commitment to the highest standards of business conduct
- Uphold our core values of Safety, Quality, Service, People, and Community

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4. POLICIES AND PROCESSES IN RELATION TO FORCED LABOUR AND CHILD LABOUR

Lopes Limited currently follows the following policies, processes, and practices with relation to forced labour and child labour:

- **Labour Law Compliance:** Lopes Limited complies with all applicable Canadian Labour Laws
- **Lopes Limited Code of Conduct:** The Lopes Limited code of conduct defines the actions, behaviours, and practices expected of all employees of Lopes Limited. Our Code of Conduct ensure our employees adhere to and uphold our commitments to anti-harassment and discrimination, ethical workplace practices, and a safe working environment.
- **Practices:** Our hiring practices ensure we are not infringing on any Child Labour or Forced Labour laws. By only hiring individuals that are 18 years of age or older we ensure that all employees are fully able to engage in their roles in a safe and supportive environment.

5. STEPS TAKEN TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

At Lopes Limited, we are deeply committed to upholding the highest ethical standards in all our business activities. This commitment extends to ensuring that our operations and supply chains are free from forced labour and child labour.

In this section of the report, we outline the proactive measures we have taken during the financial year from March 1, 2023, to February 29, 2024, to prevent and mitigate the risk of forced labour and child labour in our operations and supply chains.

These measures include the development at implementation of rigorous standards, codes of conduct, and compliance checklists, as well as the initiation of a comprehensive risk assessment process.

We believe that these steps are crucial in our ongoing efforts to ensure ethical and responsible business practices. We invite you to read on for a detailed account of our actions and initiatives in this critical area.

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5.1 IDENTIFYING INFORMATION

Canadian Business Presence:

- Lopes Limited has a place of business in Canada
- Lopes Limited does business in Canada
- Lopes Limited has assets in Canada
- Lopes Limited is headquartered in Coniston, Ontario, Canada

Size-Related Thresholds:

- Lopes Limited has at least \$20 million in assets for at least one of its two most recent financial years
- Lopes Limited has generated at least \$40 million in revenue for at least one of its two most recent financial years.

Sector/Industry:

- Mining, quarrying, and oil and gas extraction
- Manufacturing
- Specialty trades
- Mechanical contractor

5.2 ANNUAL REPORT – FINANCIAL REPORTING YEAR: MARCH 1, 2023 – FEBRUARY 29, 2024

In the previous financial year, Lopes Limited has taken steps to prevent and reduce the risk of forced labour and child labour in the production of goods in Canada or of goods imported into Canada in our operations. These steps include developing anti-forced labour and/or child labour standards, codes of conduct, and compliance checklists.

In 2023, we developed a vendor compliance questionnaire which Lopes Limited is in the process of finalizing and implementing. This questionnaire assesses general business ethics practices and requires new suppliers to disclose any warnings, fines, or convictions received in the past three years, which encompasses issues related to labour practices and modern slavery.

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To address concerns more directly related to forced and child labour, the company partnered with an external consultant in early 2024. This partnership aimed to identify a subset of Tier 1 suppliers based on FY24 spending (suppliers representing more than 50% of our annual spend), as well as single-sourced and customer-specified suppliers. AI techniques and buyer-supplier relationships were utilized to extrapolate data on Tier 2 and Tier 3 suppliers. This information was then cross-referenced with reputable sources, such as lists from the US Department of Labor, which highlight geographies and industries at higher risk of forced or child labour. The goal was to determine the company’s initial level of potential exposure to these risks.

This initiative involved the following activities:

- Mapping supply chains.
- Contracting an external assessment of the risks of forced and child labour in the organization’s activities and supply chains.
- Prioritizing due diligence efforts on the most severe risks of forced and child labour.

Lopes Limited does not currently have policies and due diligence processes in place related to forced labour and/or child labour. We have started the process of identifying parts of its activities and supply chains that carry a risk of forced labour or child labour being used, but there are still gaps in our assessments.

The risk evaluation conducted in early 2024 indicated that a minimal proportion of Tier 2 and Tier 3 suppliers were procuring goods from regions and sectors associated with a high potential incidence of forced and/or child labour. It is crucial to emphasize that this evaluation highlights potential risk exposure rather than verified instances. Among the more than 125,000 suppliers identified in Tiers 2 and 3, the analysis revealed that only a very small segment of these companies could be potentially at risk. Acknowledging our dedication to ensuring no forced or child labour is in our supply chains, Lopes Limited will persist in monitoring and addressing this potential risk.

Currently, no remediation measures have been implemented. We have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

At this time, we do not provide training to employees on forced labour and/or child labour.

Based on the risk assessment conducted Lopes Limited may need to increase the monitoring of vendors to manage this potential risk. The external partner also assessed our current policies and procedures and provided supporting materials to help us potentially address some of those gaps in the future.

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6. ATTESTATION

In accordance with the requirements of the Act, and in particular Section 11 thereof, I, Felix Lopes Jr. attest that I have reviewed the information contained in the report for the entity or 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.

Signature: _____



Date: 6/14/2024

Felix Lopes Jr. President of Lopes Limited

I have the authority to bind Lopes Limited