



2024 Annual Report: *Fighting Against Forced Labour and Child Labour in Supply Chains Act S.C. 2023, c.9* (the “Act”)

Overview

In accordance with the Act, Lordco Parts Ltd. (“Lordco”) herein submits this annual report covering the 2023 financial reporting year ending August 31, 2023.

This report outlines the actions that Lordco has taken in its approach to identify and understand the risk of child and forced labour within its operations and supply chain, along with actions taken and planned to prevent and reduce the risk that forced labour or child labour is used at any step of the process wherein goods are manufactured and imported into Canada by Lordco and its suppliers.

This report will be published annually to document our continued commitment to protect human rights and to further reduce the risk that forced labour or child labour is being used in any of Lordco’s operations and/or supply chain network.

1. Overview of Lordco’s Structure, Activities and Supply Chain

a. Structure

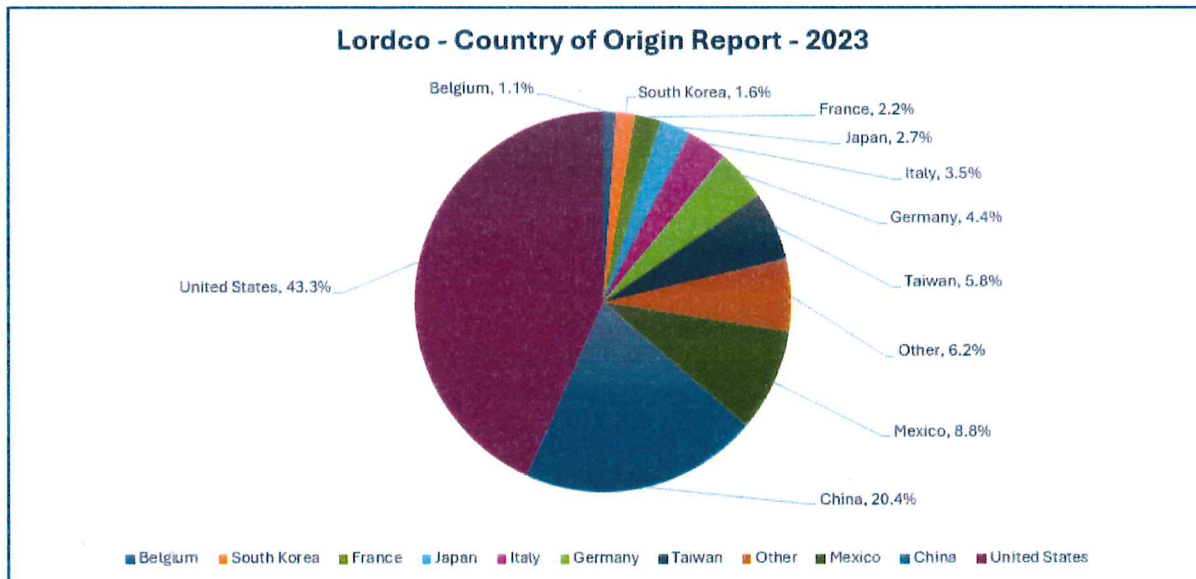
Lordco was incorporated in British Columbia in 1974 and is a privately held company. Lordco is led by a Board of Directors and an Executive Team.

b. Activities

Lordco is in the business of the retail and wholesale sale of automotive parts and accessories with a wide range of products spanning automotive, industrial, paint and body, equipment, marine and high-performance parts, among others. Lordco also sells recreational products, RV supplies and a large variety of consumables (oil, paint, lubricants, car care, etc.).

c. Supply Chains

Lordco’s supply chains consist of the importation of parts, accessories and related retail and professional grade products. For all product imported directly by Lordco, we have identified seventy-eight countries of origin. Lordco’s procurement team is centralized and works out of its head office in Port Coquitlam, British Columbia.



*Graph depicts 2023 data

Lordco is committed to working with its suppliers both domestically and abroad to introduce language into its current supply agreements prohibiting the use of child labour, forced labour or any other type of modern slavery practice in the manufacturing and import of goods they supply. Lordco is also committed to vetting new suppliers to confirm they share our commitment to human rights and eradication of modern slavery in their manufacturing and distribution process.

2. Policies and Due Diligence Processes in Relation to Forced and Child Labour

Lordco is in the process of developing a Supplier Code of Conduct. This will more easily allow us to conduct regular due diligence on Lordco’s supply chains offering a continuous flow of reporting to allow a constant assessment of imported product. This Code of Conduct will consist of the following:

- The Supplier shall, at Lordco’s request, provide an annual summary describing the actions taken or to be taken by the Supplier to ensure compliance with the Code of Conduct, including a commitment to uphold applicable human rights laws and a complete prohibition against the use of forced or child labour.
- Material terms will include a complete prohibition against incidents of child labour and forced labour.
- Right for Lordco to terminate the contract should the Supplier fail to comply with the terms of the Code of Conduct.

Lordco will continue to collect information from its suppliers to allow it to easily track compliance with requests to provide details related to investigations into each suppliers manufacturing and shipping operations. With the benefit of this disclosure, Lordco will be able to continually assess compliance and enforce the high standard for transparency with all its suppliers.

3. The Parts of Lordco's Business and Supply Chain that Carry a Risk of Forced Labour or Child Labour Being Used and Steps Lordco has Taken to Assess and Manage That Risk

Lordco's direct operations are conducted within British Columbia and Alberta and consist of a variety of employment opportunities ranging from delivery drivers, warehouse workers, salespeople, management, and head office functions including finance, marketing, IT, human resources, sales, operations and legal. We believe there is little risk of forced or child labour within our direct operations as we strictly adhere to provincial employment and human rights legislation.

In reviewing the data from a variety of sources including www.walkfree.org and in conjunction with Lordco's list of source countries, we have identified some suppliers that manufacture in regions recognized as having a recorded use of forced or child labour. In response to this finding, Lordco is preparing to send a communication to address our position on the use of forced or child labour in manufacturing facilities, along with a request for a commitment that each supplier will conduct an inquiry of their supply chain and deliver a report on the same.

4. Steps Taken to Prevent and Reduce Risk: Lordco's actions to prevent and reduce the risk of forced labour and child labour in supply chains.

Lordco undertook the following steps to prevent and reduce the risk of forced or child labour being used in its supply chain:

- Formed a committee to review the terms and purpose of the Act, the requirements placed on Lordco, and to collaborate on best practice to appropriately understand what Lordco can do to address the risks of forced labour or child labour both domestically and abroad.
- Gathered a list of all SKUs in its current inventory, identified each product Lordco directly imports, along with the associated country of origin ("COO") for each unit/product.
- Mapping Supply Chain: Reviewed the list of COOs and identified COOs reported to have prevalent forced labour and forced child labour practices (with the assistance

of resources including the Global Slavery Index and the U.S. DOL List of Goods produced with child and forced labour).

- Commitment to review current Supplier Policies and to develop a Supplier Code of Conduct that includes measures relating to human rights and specifically child and forced labour.
- Standardize Supply Agreements to include language requiring a joint commitment to protect human rights and an obligation to identify, address, and prohibit the use of forced labour and child labour within Lordco's business, the Supplier's business, and the supply chain.
- For suppliers identified as potential risk for forced labour or child labour, require annual reporting as to their efforts made to reduce the risk their activities may include any aspect of modern slavery.

5. Any Measures Taken to Remediate Any Forced or Child Labour

Lordco has not identified any instances of the use of forced or child labour in its supply chain at this time. Should, during our continued commitment to perform inquiries and undertake due diligence, we find evidence of such use, we have developed a Corrective Action Plan.

Lordco acknowledges the importance of taking prompt and effective measures to address instances of forced or child labour within its supply chain. In the event of any identified cases, Lordco commits to the following remediation measures:

- i. Notice sent to supplier containing concerns raised with respect to the use of forced or child labour in their operations along a demand for an immediate investigation into the matter followed up by a report detailing efforts taken to investigate and conclusions along with remediation measures if evidence found.
- ii. Collaboration with relevant authorities and organizations to investigate and address the root causes of the issue.
- iii. Review of mandatory report and supporting evidence that all use of such labour practices has been eradicated.
- iv. Due diligence performed on alternative suppliers and vetting process for violating supplier.
- v. Regular monitoring and auditing of suppliers to prevent recurrence of forced or child labour incidents.
- vi. If supplier fails to comply with the demands to provide a report and cease any activities found to engage in forced or child labour, suspension of supply relationship.

6. Any Measures Taken to Remediate the Loss of Income to the Most Vulnerable Families That Results From Any Measure Taken to Eliminate the Use of Forced Labour or Child Labour in its Activities and Supply Chains.

Lordco has not identified any forced labour or child labour in either its operations or supply chains. As a result, Lordco has not had to take any steps to remediate the loss of income to vulnerable families that may be impacted by measures taken to eliminate the use of forced or child labour in its activities or its supply chains. Should Lordco be in a position to take such steps it would consult external experts to support its efforts to remediate the potential or real loss of income.

7. The Training Provided to Employees on Forced Labour and Child Labour

Lordco is committed to raising awareness and building capacity among its employees to identify and address forced labour and child labour risks. Training initiatives include:

- Completed Executive awareness training on the global use of forced and child labour.
- Training programs covering topics such as ethical sourcing, human rights, and employment standards for all employees involved in procurement, supply chain management, and human resources.
- Regular updates and refresher courses to ensure employees remain informed about the latest developments and best practices in combating forced labour and child labour.

8. How the Entity Assesses its Effectiveness in Ensuring that Forced Labour and Child Labour are Not Being Used in its Business and Supply Chains

- Regular risk assessments and due diligence processes to identify potential areas of concern and prioritize actions.
- Monitoring and evaluation of supplier compliance with the Supplier Code of Conduct through audits, site visits, and performance reviews.

Approval

This report was approved on May 27, 2024, by both the Board of Directors and the Lordco executive team Board in their capacity as principal governing and operating bodies.

This report is approved and attested, as required under subsection 11(4) and subsection 11(5) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act

I have the authority to bind Lordco Parts Ltd.

A handwritten signature in black ink that reads "Marlyn Coates". The signature is written in a cursive style and is positioned above a horizontal line.

Marlyn Coates
President
May 27, 2024