



REPORT

Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act

Statement for the Financial Year ended March 31, 2025:

This statement is made pursuant to Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in the Supply Chains Act and to amend the Customs Tariff (the Act). This statement outlines the approach and initiatives of LH North Ltd. to identify and address the risks of forced labour and child labour in its business operations and supply chains during the financial year commencing April 1, 2024, and ending March 31, 2025.

LH North Ltd. is committed to its responsibility toward its staff, stakeholders, customers, suppliers, the community, and society. LH North Ltd. endeavours to conduct business with integrity and respect for employment standards, human rights, fair labour practices and occupational health and safety as well as considering the social, economic, and environmental impacts of business operations.

Business Structure

LH North Ltd. operates as a privately owned corporation, with its headquarters located in Rosslyn, Ontario. LH North Ltd. was established on August 30, 2004, and is a heavy-civil construction company. The company employs approximately 80 employees, with a peak seasonal employee average in the range of 170.

LH North Ltd. has a financial reporting year from April 1st to March 31st. LH North Ltd. is not a subsidiary of any other company and does not have reporting obligations in any other jurisdictions.

Activities

LH North Ltd. operates within the construction industry as a heavy civil-focused general contractor, specializing in designing, building and upgrading major infrastructure, such as bridges, roadways, culverts, water systems, and water and sewage treatment plants. LH North Ltd. delivers construction projects across Northwestern Ontario, including in remote locations. The construction industry has requirements for quality and safety standards, and as a result, LH North Ltd. has policies in place to ensure safety, quality and appropriate human rights practices are adhered to within the organization.

LH North Ltd. endeavours to embed responsible business conduct into its policies and management systems by developing processes for identifying, addressing, and prohibiting the use of forced labour or child labour in its activities, and by maintaining internal controls to ensure that all workers are recruited voluntarily. LH North Ltd. confirms the identification and legal status to work in Canada for all employees and does not hire any employees below minimum wage. LH North Ltd. does not employ or receive labour or services from persons under the age of 18 years under any circumstances contrary to the laws applicable in Canada. If workers are engaged through a subcontracting relationship, LH North Ltd. requires the subcontractor to demonstrate the same level of due diligence.

Supply Chain

LH North Ltd. chooses its suppliers based on the following factors:

- Legal compliance
- Business and labour ethics, fairness, and transparency
- Quality of product and industry knowledge, including research and development
- Environmental efforts
- Community support (i.e. local suppliers)
- Commercial competitiveness while adhering to the above

LH North Ltd.'s supply chains are concentrated in Canada and the United States. Vendors consist mainly of raw material and regulated commodity suppliers for input into construction processes, such as gravel or lumber, which are sourced locally and produced under strict third-party technical standards (i.e. CSA, ASTM, etc.). Other construction materials generally involve products from nationally recognized manufacturers practicing stringent controls with respect to forced labour and child labour as part of their standard operating procedures.

Risks in Supply Chain

LH North Ltd. is continuing the process of understanding and evaluating its supply chain related to the risk of forced labour and child labour; and is developing processes for internal assessments of the risks of forced labour and child labour in the organization's supply chain. To date, LH North Ltd. has not identified instances of the use of forced labour or child labour within its suppliers; however, careful analysis has determined a potential inherent risk for forced labour and child labour in the raw materials of certain goods occasionally used in construction projects, such as unique architectural products sourced from overseas locations. It is extremely rare, albeit still a remote possibility, that LH North Ltd. would be required to integrate these types of architectural products into their work, in which case the need for due diligence is both warranted and identified.

It is important to note that ongoing assessment and identification of supply chain risk requires time and collaboration across various stakeholders, as well as the internal capacity to successfully engage with suppliers and effectively map the supply chain risks. Further, LH North Ltd. recognizes that there are often limits on visibility beyond the first tier of suppliers.

Actions Taken to Assess and Manage Risk

LH North Ltd. communicates its policies and procedures respecting fair labour practices to its stakeholders and suppliers and ensures all employees receive training on human rights/labour rights during orientation. (See training section below)

LH North Ltd. has a Quality Management System that supports the continual monitoring and improvement of all aspects of the business, including the supply chains. In addition, LH North Ltd. has formed a Corporate Social Responsibility Committee with the stated goal of assessing current business practices, policies, and processes, current environmental, social and governance practices and the impact of LH North Ltd.'s products or services and supply chains, to set its corporate social responsibilities goals, activities, projects, and metrics. Each part of LH North Ltd.'s corporate social responsibility program has specific goals, such as compliance, environmental sustainability, community engagement, employee and customer well-being, and supplier chain responsibility. Through the Corporate Social Responsibility Committee in the recent fiscal year, the company has developed a checklist to evaluate suppliers according to the factors listed above. This evaluation will occur at the end of each construction season (beginning with the 2025 season) and will be applicable to all suppliers used during that construction period. The Corporate Social Responsibility Committee will look to develop further processes related to supplier chain responsibility, such as supplier code of conduct processes and audit processes, along with the metrics to track the success of the program over time.

Remediation

To date there have been no identified or reported instances of the use of forced labour or child labour in LH North Ltd.'s activities or supply chains.

Training

LH North Ltd. is committed to fair and equitable employment practices throughout all stages of the employment cycle. LH North provides all new employees with training on human rights and labour rights during their orientation. At a mandatory training session held at the start of each construction season, all employees take part in a review of the company's policies on workplace safety and employment practices, including forced

labour and child labour and identifying risks within the supply chain. Employees are made aware of their responsibility and accountability as employees of LH North Ltd. to promote responsible trading practices and to report any known or suspected forced labour or child labour. This year, employee representatives on the Joint Occupational Health and Safety Committee were provided additional training and were identified as the touch point for employees to report any known or suspected forced labour or child labour in LH North Ltd.'s activities, subcontractor activities or supply chains. LH North Ltd. annually reviews and updates policies and procedures relative to fair labour practices and ensures they are communicated to all employees and stakeholders.

Effectiveness Assessment

Through the Corporate Social Responsibility Committee, LH North Ltd. has developed a plan for the regular review of the organization's policies and procedures related to forced labour and child labour.

LH North Ltd. will implement the following internal indicators to measure the effectiveness of its policies and processes regarding forced labour/child labour risks in the supply chain:

- Number of new employees receiving training at orientation
- Number of incumbent employees who receive training updates
- Number of suppliers who have been evaluated at the end of the construction season
- Number of risks identified and remediated

LH North Ltd. will continue to work with its suppliers to evaluate the effectiveness of actions to address forced labour and child labour, to the extent possible and where those activities are visible.

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 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.

Full Name: Tom McClement

Title: President

Signature: _____

Date: May 28, 2025

(I have the authority to bind the corporation)