



## MODERN SLAVERY REPORT 2023

### 1. Introduction

This report is made jointly by Athabasca Oil Corporation and its affiliates<sup>1</sup> (collectively, the “Company”, “Athabasca”, “we”, “our”, or “us”) for the financial year ending December 31, 2023 and sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by Athabasca or of goods imported into Canada by Athabasca.

This report constitutes the first report prepared by Athabasca pursuant to Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Canada’s Modern Slavery Legislation”).

Athabasca is listed on the Toronto Stock Exchange under the trading symbol “ATH” and is headquartered in Calgary, Alberta.

### 2. Steps to prevent and reduce risks of forced labour and child labour

The company took the following steps in 2023 to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- Established an internal working group comprised of management representatives from Supply Chain Management and Legal to review the impact of the Act on Athabasca and assess the effectiveness of the actions take to address the risks of modern slavery.
- Conducted a review of current Athabasca mandates, policies, and procedures as they relate to risks and responsibilities associated with forced labour and child labour.
- Strengthened our standard vendor form’s contract Terms and Conditions by raising the expectations and requirements concerning forced labor in supply chains.
- Updated the terms of the Supply Chain Management Policy to bring definitions and provisions into alignment with Canada’s Modern Slavery Legislation.
- Rolled out a mandatory modern slavery questionnaire, in *Complyworks*, to our supplier base to assist us in gathering additional information around their policies and practices to mitigate modern slavery risks in their workplace and supply chains.

Details of the above actions are set out in this Report.

### 3. Athabasca’s structure, activities, and supply chains

#### 3.1 Overview of Athabasca

Athabasca is an intermediate liquids weighted producer with a position in two of Alberta's most active resource plays: the oil sands and Duvernay Shale. The Company is organized into a Thermal Oil Division and a Light Oil Division. As at of December 31, 2023, our principal properties in the Thermal Oil Division include the Leismer and Hangingstone producing projects and longer term development leases including Corner (a top tier extension of the Leismer field) and Dover West. The Light Oil

Division's principal asset is located in the Greater Kaybob area near the Town of Fox Creek in northwestern Alberta.

### **3.2 Athabasca's operations and activities**

#### ***Thermal Oil Division***

Athabasca's Thermal Oil Division consists of two operating oil sands SAGD projects and an exploration area in the Athabasca region of northeastern Alberta. As of December 31, 2023, Athabasca's Thermal Oil Division held approximately 348,000 net acres of oil sands rights in the Athabasca region of northeastern Alberta.

#### ***Light Oil Division***

Within its Light Oil Division, Athabasca produces light oil and liquids-rich natural gas from unconventional reservoirs. With the sale of the Placid Montney Asset in July of 2023, the Company's remaining development property is in the Greater Kaybob Region of NW Alberta targeting the Duvernay Formation. As of December 31, 2023, Athabasca held approximately 98,000 net acres of petroleum and natural gas rights in its Light Oil Division.

On February 6, 2024, Athabasca and Cenovus Edson Partnership (an affiliate of Cenovus Energy Inc.) ("Cenovus") have contributed assets into Duvernay Energy, combining Athabasca's existing Duvernay assets, Athabasca's new 100% working interest Duvernay assets and Cenovus' 100% working interest Duvernay assets. Athabasca owns a 70% equity interest in Duvernay Energy with Cenovus owning the remaining 30% equity interest. Duvernay Energy is a newly created privately held subsidiary of Athabasca and will be managed by Athabasca through a management and operating services agreement.

### **3.3 Athabasca's supply chain**

We do business with a wide range of suppliers who source material and services locally and globally. Our suppliers are engaged in accordance with our Supply Chain Management Policy. We strive to build relationships with suppliers who align with our values.

The majority of our suppliers are domiciled in Canada and the United States, although we appreciate that many of our suppliers supply us with products that originate from other jurisdictions, and all have their own global supply chains. Our suppliers cover a wide range of disciplines including drilling, completions, construction, engineering, and professional services.

## **4. Athabasca's policies in relation to forced labour and child labour**

Athabasca is committed to ensuring human rights are respected in the conduct of all of its activities, including:

- Prohibiting discrimination of minorities, whether based on gender, race, or other minority status, in respect of employment and occupation;
- Prohibiting child labour, forced, involuntary, compulsory or slave labour, or modern slavery practices;
- Respecting the fundamental freedoms of all individuals, including the freedom of thought, belief, opinion and expression, the freedom of peaceful assembly, the freedom of

- association and collective bargaining, and other rights and freedoms enshrined in the UN Universal Declaration of Human Rights and the Canadian Charter of Rights and Freedoms;
- Ensuring safe working conditions for all employees and contractors in accordance with applicable laws and best industry practices; and
  - Ensuring security policies and guidelines are consistent with applicable laws and best industry practices.

Athabasca stands strongly against forced labour, human trafficking, and child labour. Our supply chain processes endeavor to procure goods and services that meet our standards for environmental stewardship, social responsibility, and ethical practices. We attain this objective by working closely with our existing supplier base for continuous improvement. Selection of new suppliers, is accomplished through various means, including industry peer recommendations, pre-qualification, requests for proposals, proposal evaluations, and contracts.

#### **4.1 Company policies on forced labour and child labour**

Our *Code of Business Ethics & Conduct* sets out the expected behavior of all our employees. We are committed to creating a work environment where all employees feel safe and are valued for the diversity they bring to our business. We do not tolerate discrimination or harassment and are committed to honoring domestic and internationally accepted labour standards and to support the protection of human rights. Our employees annually review the *Code of Business Ethics & Conduct* policy and sign off within their annual performance review to abide by and comply with the policy. In 2023, 100 percent of employees acknowledged and signed off on the *Code of Business Ethics & Conduct*.

Our supply chain management approach is centered around responsible, ethical, and sustainable practices. In 2023, to reduce the risk of forced labour or child labour in our business and supply chains, we strengthened our go-forward standard Purchase Order Terms and Conditions by raising the expectations and requirements concerning forced labour in supply chains. In addition, we updated our Master Services Agreement to bring certain definitions and provisions into alignment with Canada's Modern Slavery Legislation.

Consistent with AOC's principles, the exploitation of people, including slavery, servitude, forced labour, child labour, or human trafficking (together known as "Modern Slavery") shall not be tolerated. Suppliers of goods and services are screened through AOC's vendor compliance process to assist in assessing the risk of Modern Slavery.

#### **4.2 Due diligence processes**

Athabasca prescreens our vendors through *ComplyWorks*, our compliance management system, with a comprehensive questionnaire for compliance with Canada's Modern Slavery Legislation. Our aim is to ensure that our standards regarding safety, human rights, sustainability, and environmental practices are upheld throughout our supply chain. Standard forms of supply chain contracts used for the procurement of goods and services include requirements for supplier compliance with applicable laws and Athabasca policies.

Athabasca provides access to our *Code of Business Ethics & Conduct* to all new and existing employees, contractors and suppliers.

## **5. Risks of forced labour and child labour in our operations and supply chains**

### **5.1 In Athabasca's operations & joint ventures**

Given our workforce is largely comprised of office workers and skilled oil and gas field workers, we consider that there is low risk of forced labour or child labour in our direct operations. All site operational and office staff are hired in accordance with the laws and regulations in the jurisdiction of Alberta, where we operate.

No forced labour and child labour concerns within our joint ventures have been raised during the reporting period.

### **5.2 In Athabasca's supply chain**

Given that approximately 99% of our total supplier spend is with suppliers in Canada and the U.S., we consider the overall risk of modern slavery being present with our direct suppliers to be low. However, we appreciate that many of our suppliers supply us with products that originate from other jurisdictions, and all have their own global supply chains, and additional work is required to assess and understand this risk.

## **6. Managing modern slavery risks**

As mentioned above, Athabasca is committed to fostering a work environment where all employees feel secure and are valued for the diversity they bring to our business. We do not tolerate discrimination or harassment and are committed to honouring domestic and internationally accepted labour standards and to support the protection of human rights. We have a comprehensive Code of Business Ethics & Conduct that outlines expected behavior of individuals doing work for Athabasca. Employees are required on an annual basis to review the Code of Business Ethics & Conduct policy and acknowledge in writing its requirements.

In 2023, we rolled out a mandatory modern slavery questionnaire to our supplier base to assist us in gathering additional information around their policies and practices to mitigate modern slavery risks in their workplace and supply chains.

Additionally, during the Reporting Period we strengthened our Purchase Order Terms and Conditions by raising the expectations and requirements concerning forced labour in supply chains. In addition, we updated our Master Services Agreement to bring certain definitions and provisions into alignment with Canada's Modern Slavery Legislation.

## **7. Athabasca's approach to remediation**

In 2023, Athabasca has not identified any instances of forced labour or child labour in its operations or supply chain. As a result, it has not had to take any measures to remediate any forced labour or child labour.

We are committed to providing access to effective reporting mechanisms related to concerns arising from compliance with our policies. Our Whistleblower Policy offers a reporting mechanism for our employees, officers, directors, and contractors to report ethical or legal violations, among other concerns. All complaints received under the Whistleblower Policy are investigated. To ensure

employees are familiar with the policy and process for making complaints, our employees are required to sign the Whistleblower Policy annually.

## **8. Training**

When onboarding new employees, we complete a Human Resource onboarding, which includes reviewing our safety commitments and AOC's policies including the Code of Business Ethics & Conduct. Athabasca is committed to improving the capacity of our staff to understand, identify and manage the risks of modern slavery in our operations and across our supply chains.

## **9. Assessing our effectiveness**

Athabasca understands that we have a responsibility to assess and mitigate the risks of modern slavery in our operations and supply chains over the long term. The Board of Directors of Athabasca (the "Board") has overall responsibility for the strategy around modern slavery.

Based on the review of our existing policies and practices which address modern slavery risks, Athabasca believes that our operational modern slavery risk is low. Our staff are predominantly oil and gas professionals, operators, and administrative workers located in Canada. We are satisfied that, because of recruitment, compensation, and compliance measures throughout our operations, there is low risk that any of our staff are at risk of modern slavery. We continue to be guided by our policies and principles in our relationships with our partners, including working with reputable companies, who are required to comply with domestic and international laws.

Athabasca understands that it has a responsibility to assess and report on the risk of modern slavery in its operations and supply chain over the long term. In 2023, we established an internal working group, composed of management representatives from Supply Chain Management and Legal, to continue to review the impact of the Act on Athabasca and assess the effectiveness of the actions taken to address the risks of modern slavery.

Preventing and addressing modern slavery risks in our operations and supply chains is an ongoing process that requires continued monitoring and evaluation. We are committed to conducting its business in a manner that prohibits modern slavery and human trafficking. We expect all Board, Staff and suppliers working on our behalf to adhere to these principles. Athabasca will continue to respect human rights and act with integrity in our operations and business dealings.

## **10. Approval and Attestation**

This Report was approved pursuant to subparagraph 11(4)(b)(ii) of Canada's Modern Slavery Legislation by the board of directors of Athabasca Oil Corporation.

I have the authority to bind Athabasca Oil Corporation.



---

Full name: Rob Broen

Title: President & Chief Executive Officer

Date: May 8, 2024

## References

<sup>1</sup> Duvernay Energy Corporation, AOC Dover West Corp., AOC Grosmont Ltd., AOC Carbonates Ltd., AOC (ELE) Corp., AOC Birch Corp., AOC Dover West Partnership, AOC Grosmont Partnership, AOC Carbonates Partnership, AOC Hangingstone Partnership, AOC Birch Partnership, AOC Leismer Corner Partnership, 1686303 Alberta Ltd., AOC Light Oil Corp., AOC Kaybob Corp., AOC Simonette Corp., AOC Light Oil Partnership, AOC Kaybob Partnership and AOC Simonette Partnership.