

## ***Burgess Creek Exploration***

### ***Bill S-211 Report – Canada’s Modern Slavery Act***

***For the year ended December 31, 2023***

#### **Introduction**

Burgess Creek Exploration Inc. ('Burgess Creek', 'BCX', 'the Corporation', 'we', or 'our') is a private oil and natural gas company actively engaged in the exploration for and production of petroleum and natural gas reserves in the Williston Basin, with a primary focus in southeast Saskatchewan and southwest Manitoba.

BCX is committed to respecting human rights across our business operations in accordance with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Without limiting the foregoing, we do not utilize or knowingly permit in our supply chains child labor, forced labor or other abusive or unsafe working conditions.

#### **1. Structure, Activities and Supply Chains**

Burgess Creek was incorporated under the Business Corporations Act (Alberta) on April 2, 2015. The Corporation commenced active operations in September 2015 following an initial private placement.

Head office is located at Suite 1000, 520 – 5<sup>th</sup> Ave SW, Calgary, Alberta. In total, the business employs approximately 16 permanent staff and three (3) contractors, working on a full-time, part-time, or casual basis. From an operational perspective, all staff are located in Canada, a country considered to be at low risk of forced labour incidences and vulnerability. Engaged personnel are typically experienced in a highly technical industry and BCX is well informed on market rates and compensates accordingly to remain competitive. An individual's compensation is reviewed annually with management and the Compensation Committee of the Board of Directors, and their own performance to ensure people are retained and that BCX continues to be viewed in the industry as a fair and desirable employer.

BCX explores for and produces petroleum products (mainly oil) from a set of properties located in the Williston Basin of southeast Saskatchewan and southwest Manitoba. Petroleum products are produced at various well sites and contracted for transport to central sales points located within Canada. During the fourth quarter of fiscal 2023, the Corporation produced an average of 2,386 barrels of oil equivalent per day (boepd), a marked increase over the prior year period due to successful drilling and completion efforts during the year.

Equipment utilized to facilitate the production process is sourced from various domestic vendors, whom manufacturer or source their resale products from a variety of domestic and international vendors. Other inputs into the exploration and production processes are comprised of services supplied by fuel and power providers and by oilfield services companies, including the following:

- Drilling, servicing and fracturing contractors
- Drilling and production equipment
- Other exploration and production materials (e.g. production chemicals)
- Fuel and power

- Trucking
- Maintenance and optimization services

BCX typically negotiates mutually acceptable terms with its suppliers, however there are many instances where our negotiating ability is limited. Once verbal agreements are established, generally based on the strength of past relationships, BCX does not typically enact a high level of influence over suppliers of key materials or equipment. During the reporting period, BCX's supply chain was comprised of less than 100 first-tier suppliers of goods and services, of which the top 21 represented over 80% of the fiscal 2023 expenditure. The vast majority of direct vendors were Canadian-based entities. BCX also directly or indirectly engages a limited number of international suppliers. More information on high-risk suppliers based on both their industry and location of operations are outlined below.

## 2. Policies and its due diligence processes in relation to forced labour and child labour.

Modern Slavery is identified by the International Labour Organization (ILO) as an umbrella term covering practices such as forced labour, debt bondage, forced marriage, and human trafficking. Essentially, it refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power. BCX supports this definition and seeks out investigative methods to identify such transgressions.

BCX is aware that modern slavery risks may possibly exist within our supply chain and have recently commenced the implementation of due diligence processes to identify and address these risks. Our due diligence process includes the following:

- a. We have committed to understanding and mitigating the risks on modern slavery within our combined supply chain.
- b. Risk Assessment: We conduct a risk assessment of our suppliers to identify potential modern slavery risks or other human rights violations. This includes reviewing internet articles and reference materials and any modern slavery act statements submitted in other jurisdictions (e.g. Australia, the UK, California). Reference sources include information from authorities such as the U.S. government, NGOs and industry partners such as ILO (International Labor Organization) Better Work, and The Institute for Human Rights and Business or industry bodies.
- c. Supplier Engagement: We engage with our suppliers to communicate our expectations and requirements regarding modern slavery risks. This includes the communication of our **Business Partner Code of Conduct**.
- d. Remediation: We work with our suppliers to address any identified risks and, to the extent possible, support them in developing remediation plans to improve their compliance with our policies.
- e. Monitoring: We monitor our suppliers' compliance with our policies on an ongoing basis to ensure they maintain their commitment to respect human rights.
- f. Disclosure and Communication: Annually, we will report on our findings and activities regarding modern slavery risks, obtain acknowledgement and approval from our Board of Directors on this work, and seek to implement continuous improvement diligence policies and processes.

Our policy with respect to the use of child or forced labour is explicitly outlined in our **Business Partner Code of Conduct**. In short, we will tolerate no use of forced/child labour in our supply chain and where instances are identified, will monitor the remediation actions of our vendors to ensure they are eliminated promptly.

Pertaining directly to point b. above, supplier risk assessment is conducted to mitigate risk relating to the operation of a supplier that may potentially have a negative impact on the activity, such as legal non-compliance, safety or reliability issues, business continuity risk and adverse media. This risk assessment is based on consideration of four parameters:

- Risk relating to the nature of the supplier's activity
- Risk relating to the country in which the supplier carries out its main activities
- BCX's current and anticipated spend with the supplier; and
- BCX's dependency on the supplier.

The combination of the four selected criteria leads to the identification of the most critical suppliers to which BCX is exposed in its supply chain, who are prioritised in the implementation of further assessment and monitoring measures.

### **3. The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.**

BCX understands that the resources and energy sectors may be broadly considered a high-risk industry due the risks relating to the geographies in which such businesses or their supply chains operate. Risks, for example, relate to:

- the presence of militias, criminal organisations and corrupt governments in countries that are conflict affected or prone to instability
- the demand for base-skill workers in construction of infrastructure
- frequent outsourcing of labour to third party contractors; and
- low visibility over multi-tiered supply chains.

(Source: <https://humanrights.gov.au/our-work/business-and-human-rights/publications/resources-energy-and-modernslavery-practicalinforming-to-its-policies-and-procedures>.)

BCX conducts operations strictly within the domestic resource extraction industry, sourcing most of its exploration and production inputs directly from domestic providers. Canada has been rated by the Walk-Free Global Slavery Index at low risk for incidences and vulnerability related to forced labour (source: Global Slavery Index 2023).

Some of the drilling and production equipment or materials the company sources, however, originates from international suppliers, notably located in China (tools, pumps and pipe). While China has a low-to-

moderate global slavery index prevalence rating from the Walk Free Global Slavery Index, it is known to have cases of forced labour in its Uyghur region.

As noted in Section 2. BCX reviews publicly available information regarding the risks noted above. In particular, BCX can review and assess modern slavery statements from a subset of its tier 1 and 2 supply chain organizations. Anticipated to increase in the future, based on the total vendor spend in fiscal 2023, over 20% of the expenditure was devoted to vendors filing modern slavery act statements in various jurisdictions.

In addition, BCX is able to review related policies and actions that arise out of those vendors' assessments of the risks of child and forced labour as noted in those reports. A couple examples of these actions include the development of responsible sourcing policies and the implementation of vendor codes of conduct by certain key suppliers.

Canada is in its infancy in addressing the risks of modern slavery, having just enacted its Modern Slavery Act reporting requirements at the start of 2024. We recognise that addressing modern slavery risks will require a greater focus in coming years on extending our influence through deeper levels of our supply chain, including gaining such information as our second-tier suppliers, their contractor terms of employment and codes of conduct, and their use of recruitment agencies. We are therefore planning a phased approach, establishing our policies and procedures with first-tier suppliers, along with sound performance measures, as a foundation from which to engage in the collaboration and consultation that is appropriate and necessary to extend into deeper levels of the supply chain. We also anticipate the positive effects of the Act. As companies throughout Canada and other jurisdictions focus their resources on this important issue, supply chain transparency will likely continue to improve in the coming years, increasing both awareness and performance.

#### **4. Measures taken to remediate any forced labour or child labour.**

Historically, aside from monitoring for information that may be available in the general press and assessing what actions, if any, should be taken in recognition of adverse events, BCX has not undertaken measures to remediate forced or child labour. It must be highlighted however, that BCX is currently not aware of any incidences of such transgressions. Moving forward, BCX will develop response policies to ensure we are ready to react and remediate should incidences of forced labour be identified.

#### **5. 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.**

To date, BCX is not aware of instances of child labour or forced labour in its supply chain. It thus follows that BCX's operating companies have not been able to identify any instances of loss income of vulnerable families that result from measures taken to eliminate the use of forced or child labour in its supply chains. Practically, however, due to its small size and lack of market influence, there is little BCX will be able to do outside the use of moral suasion in such types of efforts. BCX intends to continue monitoring its vendors for the potential of these types of risks and hold discussions with vendors as appropriate.

## **6. Training provided to employees on forced labour and child labour.**

Training sessions for our procurement teams will be scheduled to heighten their awareness of our anti-slavery policy and to enhance their awareness of how to mitigate modern slavery risks, as well as to promote their understanding of our newly developed internal due diligence processes. BCX believes in the importance of robust risk mapping processes, compliance with the anti-slavery policy and due diligence processes in order to drive continuous improvements.

## **7. Effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.**

Given that BCX's business is small and lacks resources to effectively materially influence components of its global supply chains, in addition to its own codes of conduct to govern domestic employee operations, it relies on the efforts of its large suppliers to ensure its adherence to company labour policies and ensure effectiveness. This approach will be evident in our development of performance indicators as outlined below.

### ***Performance Indicators***

We are in the process of designing our program by which to measure our effectiveness in making progress in our efforts to combat modern slavery. We intend to track a range of key performance indicators, potentially to include:

- The number of suppliers who have acknowledged our **Business Partner Code of Conduct**
- The number of reported incidents of modern slavery by our tier 1 vendors submitting modern slavery act reports.
- The number of workers trained on our policies and procedures, part of them related to modern slavery.


We will use these performance indicators to identify areas where we need to improve and to measure our progress over time.

### **Conclusion and Attestation**

We recognize that addressing modern slavery risks in our supply chain is an ongoing journey and that diligence is always required. Therefore, we intend to regularly assess our progress and impact to identify areas for improvement and ensure we are meeting our commitments. We have identified a number of key measures that will receive focus in coming years as we seek to reinforce a policy of continuous improvement in our fight against modern slavery. Among other measures, these may include lowering the materiality level in relation to supplier mapping processes and measuring the performance of our key suppliers by their supply chain auditing activities.

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 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.

- Dean Potter
- President and CEO
-  [\_\_\_\_\_]
- [\_\_\_\_\_], I have the authority to bind Burgess Creek Exploration Inc.