



April 18, 2024 | Report for Government

2023 FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS REPORT

www.connacheroil.com



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DISCLOSURE

The financial year ("FY") for which we are reporting is January 1, 2023 to December 31, 2023.

This is the first version of the report submitted and the report is for an entity, Connacher Oil and Gas Limited, which is not listed on a Canadian Stock Exchange.

All data, unless otherwise noted, is as of December 31, 2023.

References to "Connacher", "the Corporation", "the Company", "the entity", "we" or "our" in this report refers to Connacher Oil and Gas Limited.

APPROVAL AND 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 disclosed 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.

Bill McCaffrey

Full Name

"Bill McCaffrey"

Signature

Chairman of the Board

Title

April 18, 2024

Date

I have the authority to bind Connacher and this report covers financial year 2023 and applies to Connacher Oil and Gas Limited.

Find more about us and a copy of this report at www.connacheroil.com

EXECUTIVE SUMMARY

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

In Canada, the government through the Public Safety Canada has enacted the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"), which aims to protect vulnerable populations from human rights abuses and exploitation. The Act will have a significant impact on the way Canadian business contract within their supply chains and may affect an organization if it produces, sells or distributes goods in Canada or elsewhere, imports goods produced outside of Canada into the country, or controls an entity engaged in either of the above activities. This Act took effect on January 1, 2024.

As of January 2024, Connacher has begun prioritizing the assessment of forced labour and child labour within its supply chain. Given that the Act is a new act, Connacher has yet to adapt its internal processes which includes updating its policies and procedures, supply chain management and training of employees. This will require maturation with work beginning in the fiscal year 2024.

BACKGROUND

The measures introduced through the Act) aim to increase industry awareness and transparency and drive businesses to improve practices. The following are the mandatory reporting areas that must be investigated and reported:

- The steps the entity has taken during its previous financial year 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 the entity or of goods imported into Canada by the entity.
- Entity's structure, activities, and supply chains.
- Policies and due diligence processes in relation to forced labour and child labour.
- Parts of business and supply chains that carry a risk of forced labour or child labour being used and steps taken to assess and manage that risk.
- Measures taken to remediate any forced labour or child labour.
- Measures taken to remediate the loss of income to the most vulnerable families that results from any measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- Training provided to employees on forced labour and child labour.
- Assessing effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains

STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Structure

Connacher is a Calgary-based in situ oil sands developer, producer, and marketer of bitumen. Connacher's strategy is to build repeatable, expandable and sustainable projects on its lands.

The Company's principal asset is a 100 per cent interest in the Great Divide 78,000 acres of oil sands leases near Fort McMurray, Alberta. Connacher's two producing projects at Great Divide are known as Pod One and Algar. A total of 27 Steam-Assisted Gravity Drainage ("SAGD") well pairs and 13 infill wells are located at Pod One and a total of 28 SAGD well pairs and 14 infill wells are located at Algar.

The Company operates two SAGD facilities located on the oil sands leases and utilizes the proven technology of SAGD that allows us to extract bitumen from oil sands formations, which are located approximately 475 meters below the surface of our leases (in-situ). Connacher reported revenue in FY 2023 of \$418 million and assets of \$678 million.

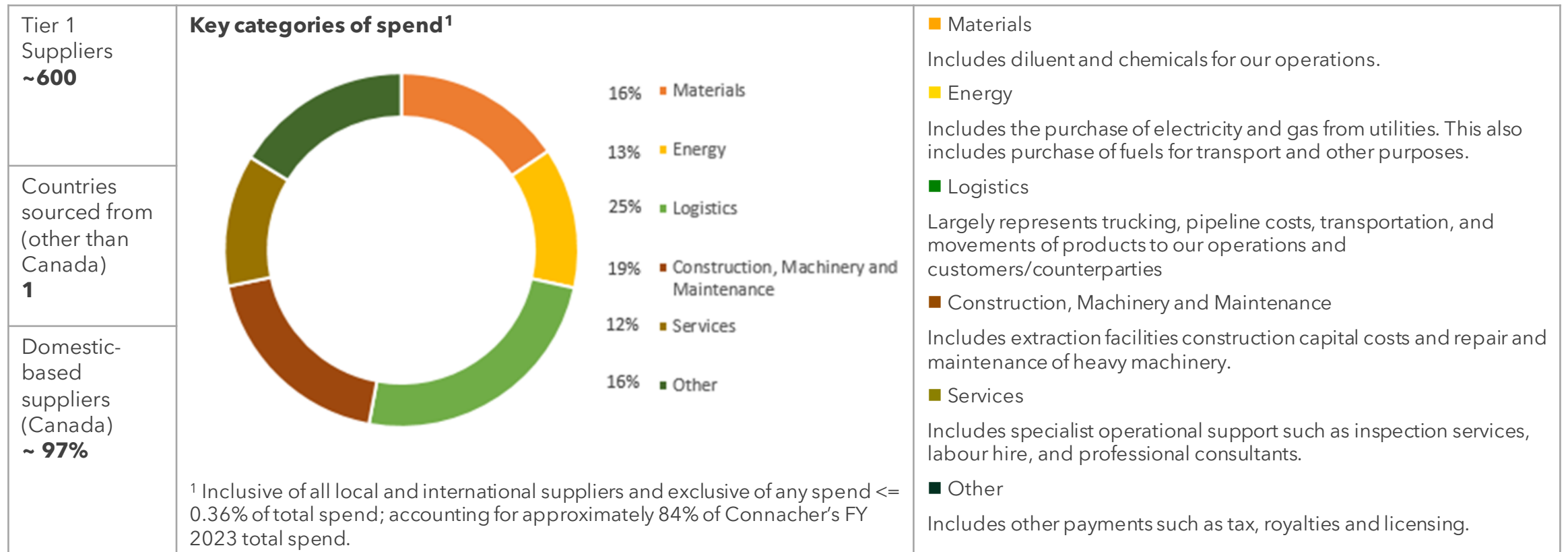
Connacher is currently in the process of constructing a pipeline and related assets to allow the Great Divide project to be connected to a pipeline system that will allow the Company to sell its product in the Edmonton market. The pipeline is expected to be in service in Q4 2024. The pipeline and related assets are held in a wholly-owned subsidiary.

Connacher's management team is composed of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and General Counsel and Corporate Secretary.

STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Supply Chain

For FY 2023, Connacher purchased products and services from about 600 direct (Tier 1) suppliers. Approximately 97% of this spend was from suppliers based in Canada and 3% of this spend was with 22 international suppliers from one country, the United States of America.



POLICIES AND DUE DILIGENCE

We recognize that it is imperative to respect the personal dignity of all individuals and the importance of respecting human rights, including the rights of our employees, our suppliers' workforce, and the communities in which we operate. We also expect our suppliers and contractors to respect human rights.

To prevent and reduce the risk of forced labour and child labour in our operations, we have human resources controls in place for recruitment and onboarding new employees and reviewing employees' wages and salaries. Our employee onboarding process includes employment checks and ensuring all new employees have working rights. Our employee induction processes also ensure that new employees confirm they have read and understood our policies and standards.

As outlined in our Code of Ethics and Respectful Workplace Policy, we support the Canadian Human Rights Act and expect all employees or persons related to or dealing with the Corporation to abide by the human rights statements adopted by the Corporation. We also provide an external independent whistleblower service known as ConfidenceLine, which is available to our employees to raise concerns on an anonymous basis.

Our steps taken to prevent and reduce the risk of forced labour and child labour is underpinned mainly by robust corporate governance and policies and procedures.

POLICIES AND DUE DILIGENCE

Governance, Oversight and Risk Management

Human rights risks are considered within our broader governance framework.

Connacher's Board of Directors is committed to playing an active role in supporting the realization of the Company's strategy through fulfilling its duties of stewardship, accountability and oversight including strategic planning, standards of business conduct, communication with stakeholders and risk management.

Connacher manages its risks through various means. Although annual reviews are performed by the Board on certain of the organization's risks and risks are also discussed with the Board on an ad-hoc basis, these do not include formal processes to understand the risk exposure to forced labour and child labour.

Connacher, its Board of Directors, and its Management are collectively committed to a high standard of corporate governance practices, and we have and continue to develop strong governance practices. In its pursuit of effective governance, Connacher is mindful of prevailing recommendations with respect to laws and best practices as advanced by regulatory authorities such as the Act, non-regulatory organizations, and other standards which are advanced from time to time by other institutions.

Due to the coming into effect of the Act, we plan to further strengthen our governance and risk management in FY 2024 by developing an anti-modern slavery management framework that establishes a common understanding of our approach to identify, assess and manage modern slavery risk, including responsibilities of all employees or persons related to or dealing with the Corporation.

POLICIES AND DUE DILIGENCE

Policies, Standards and Procedures

The Company has adopted various Board-approved policies with respect to sound business conduct, especially with respect to Disclosure, Reporting of Inappropriate Activity (Whistleblower Policy) and has additional Company policies which deal with ethical conduct, a respectful workplace, violence in the workplace and privacy. These policies are reviewed and updated on a regular basis or as required by Management and the Board of Directors, as appropriate. The foundational policies and standards that set out our commitment to human rights and addressing risk of forced labour and child labour are described below.

CODE OF ETHICS (the “Code”)

Outlines our commitment to a culture of honesty, integrity, transparency, and accountability and promoting the highest standard of professional ethical conduct. The Code defines the standards we expect all our officers, employees, consultants, and directors to meet.

The Code also outlines our expectations from suppliers, contractors, customers, and other business partners to develop and enforce policies and/or practices that are consistent with the Code and its associated requirements that will apply to their staff providing services for or on behalf of Connacher.

REPORTING OF INAPPROPRIATE ACTIVITY (WHISTLEBLOWER) POLICY

Describes the procedures through which all officers, employees and consultants may report any concerns regarding the manner in which the Corporation conducts its business. The policy is intended to promote a workplace environment and a venue to voice concerns, free of any discrimination, retaliation, or harassment.

The policy notes how to raise a potential concern pertaining to internal controls, reporting of fraudulent financial information, a violation of law by the Corporation, a substantial mismanagement of the Corporation’s resources or other violation of the Code; and the processes at Connacher for investigating such reports.

RESPECTFUL WORKPLACE POLICY

Outlines our commitment to maintaining a workplace that is free from all forms of harassment , including intimidation, threats, and acts of violence.



POLICIES AND DUE DILIGENCE

Policies, Standards and Procedures (continued)

Connacher's Board and Management take breaches of our Code and policies very seriously. We have practices in place to address any non-compliance with our codes and policies. In FY 2024, we plan to further strengthen our policies by developing a Supplier Code of Conduct, updating our Code to include a section which calls out the prohibition of forced labour and child labour practices within our operations and supply chain, and reviewing and refining standard procurement contract clauses to incorporate our expectations of forced labour and child labour for new procurement agreements. This will set out what we expect of our people and suppliers in relation to the risk of forced labour and child labour.

Supplier Selection and Due Diligence

Supplier selection at Connacher is directly managed by various departments such as engineering, geology, and finance, with various due diligence performed and a consistent approach followed. We have varying types of arrangements with our suppliers, depending on the nature of the goods and services provided, expenditure amount and the expected tenure of the relationship. In FY 2024, we plan to develop a Supplier Code of Conduct Policy ("Supplier Code") that will require all current and new suppliers to attest to their compliance with the Supplier Code. As the Mining, Construction, Energy, Transport and Manufacturing industries have been identified in our assessment as an area of risk, any new Tier 1 suppliers in these categories will additionally be required to complete a Forced Labour and Child Labour Pre-Qualification Questionnaire.

HIGH RISK AREAS | IDENTIFICATION AND MANAGEMENT

With the assistance of an accounting firm, we took a risk-based approach to identify our areas of greatest forced labour and child labour risks for FY 2023. We assessed the risk of forced labour and child labour based on the potential to cause, contribute to, or be directly linked to forced labour and child labour through our operations and supply chains.

Although the country of origin, industry of operation and the type of goods produced, manufactured, sold or distributed, or imported into Canada were our main risk determinants, the country of origin was our key determinant of Connacher’s risk of contributing to or being directly linked to forced labour and child labour.

Our risk assessment utilized several published documents including the *U.S. Department of Labor’s Bureau of International Labor Affairs, "2022 List of Goods Produced by Child Labor or Forced Labor"*, the *Walk Free Global Slavery Index*, and the *International Labour Organization's 2022 "Global Estimates of Modern Slavery: Forced Labour and Forced Marriage"*.

Country of Origin

Our assessment of the risk of forced labour and child labour in our supply chains for FY 2023, showed that there were low risks of forced labour and child labour in our country of operations, and that all of our suppliers are based in Canada and the United States of America. We had no suppliers located in countries deemed to have high-risk ratings.

Country	Suppliers	Supply %	Risk Assessment Based on Country
Canada	598	97	Low
United States of America	22	3	Low



HIGH RISK AREAS | IDENTIFICATION AND MANAGEMENT

Industry of Operation

We recognize that the mining, construction, energy, transport and manufacturing industries form a part of Connacher's business and supply chain and are at a high risk of forced labour and/or child labour. This does not mean that evidence of forced labour or child labour was found to support this risk analysis but that more auditing and monitoring will be needed to reduce the risk.

Goods Produced, Manufactured, Sold or Distributed, or Imported into Canada

With the assistance of an accounting firm we engaged which used the U.S. Department of Labor's Bureau of International Labor Affairs, "2022 List of Goods Produced by Child Labor or Forced Labor" and the 2018 Walk Free Global Slavery Index, we assessed that goods produced using forced labour or child labour are not directly related to our supply chains.

REMEDICATION OF FORCED AND CHILD LABOUR AND VULNERABLE FAMILY INCOME LOSS

We recognise the importance of access to easy and clear avenues for reporting concerns or incidents and that reports may be raised in various ways - directly by suppliers, by our employees, or anonymously via our ConfidenceLine. Our Reporting of Inappropriate Activity (Whistle Blower) Policy encourages people to speak up if they become aware of inappropriate conduct or practices occurring. It aims to promote a workplace environment in which everyone feels safe, supported, and encouraged to speak up. In FY 2024, we plan to update our Whistle Blower Policy and ConfidenceLine procedures to specifically state forced labour and child labour as examples of incidents that can be reported. We plan to investigate extending the ConfidenceLine service to external suppliers.

In FY 2023, we did not receive any reported concern related to potential indicators of forced labour or child labour in our activities and supply chain. There have also been no identified or reported instances of loss of income to vulnerable families that have resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

As part of 2024 activities, Connacher will continue its risk assessment and will determine if there are areas in its supply chain that are at risk of forced labour or child labour. Once these have been determined, Connacher will identify the procedures that can be put in place to mitigate the risk of forced labour or child labour in that area of the supply chain, if any.

AWARENESS AND TRAINING

To raise awareness of human rights, all staff of Connacher must annually acknowledge they have read and understood the Code and its associated policies and procedures. In FY 2024, we plan to roll out a forced labour and child labour risk awareness training program to train staff, especially those that are directly involved in procurement. The training program will describe the types of forced labour or child labour practices, requirements of the Act, and actions Connacher is taking to assess and manage forced labour or child labour risk.

SELF-ASSESSMENT PROCESS AND REQUIREMENTS

Collectively, we believe our approach outlined in preceding sections will help to reduce and prevent the risk of forced labour and child labour within our operations and supply chains. We will work on our action plans to improve our approach to addressing child and forced labour risk and will continuously improve processes to assess the effectiveness of our actions, approach, and processes to achieve continuous improvement.

CONCLUSION AND KEY TAKEAWAYS

Given that the Act is a new Act, Connacher has yet to fully adapt its internal policies and processes to meet the requirements of the Act. As of January 2024, Connacher has already started the process of implementation and will complete most requirements during the remainder of the fiscal year. This includes updating policies and procedures, supply chain management and due diligence procedures, and training of employees.



Connacher

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