

# **2023 Forced Labour and Child Labour Report**

May 2024



## **INTRODUCTION**

This report (the “**Report**”) is provided by Grizzly Resources Ltd., a corporation operating under the laws of the Province of Alberta (“**Grizzly**” or the “**Company**”) pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”), which came into effect on January 1, 2024.

Under the Act, forced labour and child labour are considered serious violations against human rights and as a Canadian oil and gas company, Grizzly recognizes the importance of adhering to the highest ethical standards with respect to the Company’s operations. This includes the Company’s duty to prevent and identify any forced labour and child labour within Grizzly’s supply chains. This Report sets out the steps that the Company has taken during our 2023 fiscal year to prevent and reduce the risk that forced labour or child labour at any step of the Company’s operations and use of suppliers within our supply chain.

We acknowledge that the risks of forced labour exist and that addressing these risks requires continued cooperation with our internal and external stakeholders. In accordance with and as required by the Act, Grizzly will provide a reporting on an annual basis with respect to steps that the Company has taken to evaluate and mitigate forced labour and child labour practices throughout its supply chain activities.

Grizzly is firmly opposed to all forms goods and services that involve any aspects of forced labour and child labour. All directors, officers, employees, contractors, consultants of Grizzly are required to follow the Company’s principles to protect Grizzly against the use of forced labour and child labour in our supply chains.

### **I. OVERVIEW OF OUR BUSINESS & STRUCTURE**

Grizzly is a private Canadian junior energy company engaged in the development and operation of conventional light oil plays in the Western Canadian Sedimentary Basin. The Company’s head office is located in Calgary, Alberta, and the Company is primarily engaged in oil and gas properties located near Spirit River and Pembina.

For purposes of the Act, the reporting entities covered in this Report include functions, major projects, and assets that have been wholly owned and/or operated by Grizzly from the period of April 1, 2022 to March 31, 2023. Further, Grizzly also holds interests in joint venture assets not operated by Grizzly, but its non-operated assets are not included in the scope of this Report. Grizzly does not have any subsidiaries.



As at March 31, 2023, Grizzly had 17 employees/personnel working out of its Calgary head office and 1 field operator working out of the Company's field office, which is located onsite at Grizzly's oil battery in Spirit River, Alberta.

## **II. GRIZZLY'S SUPPLY CHAIN**

During 2023, Grizzly's supply chain consisted of no more than 340 businesses that provided goods and services to Grizzly. The Company's service providers primarily comprised of vendors, suppliers, contractors and/or consultants, subcontractors that were involved in the procurement of goods and services necessary for the Company's operations in maintaining our conventional oil and gas properties. The services provided included technical engineering consulting, procurement and construction services, land management and surface administration services, oil battery operations maintenance and support services, trades services including mechanical, trucking, goods and equipment procurement and installations, wellsite construction and maintenance, oil drilling services and information technology and technical support services, trucking services, auditing services.

## **III. GOVERNANCE & POLICIES**

Grizzly's board of directors is accountable for Grizzly's strategic objectives, which includes sustainability and matters related to the Company's environmental, social and governance ("ESG") practices. Grizzly's executive management team is responsible for overseeing the Company's risk management protocols and internal controls. The management team communicates and ensures that the Board of Directors are informed on the interrelationship between the Company's business environment and any associated risks.

Grizzly's governance, policies and procedures form the framework and foundation to support sound decision making and ensures that the Company conducts business in a safe, ethical and respectful manner. To reflect this commitment, the Company continually strives to update its policies and corporate procedures.

Although Grizzly's current policies did not address forced labour and child labour practices in the 2023 fiscal year, Grizzly will review and update its policies, as described below, to address forced labour and child labour:

- a) Company Code of Conduct and Ethics: the Code of Conduct and Ethics policy sets out the guiding principles on professional and ethical conduct of Grizzly's employees, personnel, contractors and consultants.
- b) Whistleblower Policy: this policy provides a means for Grizzly employees to report their concerns on any wrongdoings, whether experienced or perceived, without fear of victimization or being placed at a disadvantage.

#### **IV. INITIAL ASSESSMENT OF RISK**

Grizzly has always strived to conduct its business and operations in a fair and ethical manner while upholding the highest standards of practice in accordance with industry best practices. Grizzly has taken initial steps to proactively map out and re-assess its supply chains in order to identify any risk areas related to forced labour and child labour. The specific steps that Grizzly has undertaken establish its initial risk profile are further described in Section 5 below.

##### **A. Due Diligence.**

Grizzly expects that the third parties with whom Grizzly engages business with adhere to business principles and values similar to our own and comply with all applicable laws and regulations. In order to effectively understand and assess any risks factors in the Company's supply chain, Grizzly believes in utilizing a risk-based due diligence approach. Before making any commitments with third parties, Grizzly will take steps to appropriately evaluate the potential relationship first and mitigate any associated risks. Although Grizzly is still in the process of finalizing its due diligence policy, its risk-based due diligence approach includes the following steps:

- monitoring and reviewing supply chains and business relationships;
- identifying and assessing adverse impacts in its operations;
- communicating how adverse impacts are being addressed;
- embedding responsible business conduct into policies and management systems;
- ceasing, preventing or mitigating adverse impacts, by raising awareness and understanding the risks involved with forced labour and child labour in supply chain activities amongst our employees and vendors; and
- providing for or cooperating in remediation when appropriate.

Through our due diligence approach, if Grizzly becomes aware of any evidence or information that would suggest that any of our suppliers are involved with forced labour and child labour practices, the Company will investigate, and where appropriate, terminate the business relationship and report such practices to appropriate regulators and authorities.

##### **B. Risk Assessment Factors**

The Company strives to work with its suppliers, agents, consultants, and other third parties and business partners, who share our commitment to social, ethical, and environmental responsibility. We expect our suppliers to not engage in forced labour practices and that they seek the same commitment from their own business partners.

In order to identify the business activities with the greatest exposure to potential risks associated with forced labour and child labour in the Company's supply chains, Grizzly considers the following factors in its assessment:

- (a) **Country or Location of Supplier:** modern slavery has a higher prevalence in certain jurisdictions or locations;
- (b) **Product/Commodity:** some products or commodities are deemed higher risk in respect of the potential for forced labour or child labour;
- (c) **Industry Sector:** certain industries present a higher risk of modern slavery compared to others;
- (d) **Presence of Migrant Workers:** does the supplier employ workers that immigrated from another country;
- (e) **Supplier's workforce:** does the supplier rely on low skilled workforce;
- (f) **Type of Service or Goods Being Provided:** is the type of service being offered deemed generally as dangerous or undesirable to the average person; and
- (g) **Jurisdictional Risk Factors:** this would include poverty, presence of child labour, conflicts, and level of enforcement of international human rights standards.

## V. 2023 RISK SUMMARY

For the 2023 fiscal year, the Company's Tier 1 suppliers were almost exclusively Canadian based entities operating in the Province of Alberta, some of whom are also subject to the Act.

During a preliminary review of the Company's supply chain activities, Grizzly considered that the risk of forced labour and/or child labour increases when we looked for supplies sourced globally. To that end, Grizzly believes that the overall risk of modern slavery in our supply chain is low based on the following factors:

- the locations of our suppliers;
- the type of equipment and materials being supplied in the oil and gas sector; and
- the commodities produced are not considered to be high risk within the jurisdictions for which we operate our business.

The Company's employees and service providers are based Canada, which has low risk of vulnerability to forced labour and child labour. The Company ensures compliance with Canadian working conditions, wages and benefits, including those relating to employment, labour and occupational health and safety.

Overall, Grizzly's greatest risk exposure to forced labour or child labour would have come from any suppliers who engaged third parties to source and/or procuring goods in higher-risk geographies and sectors.

## **VI. STEPS TAKEN TO MITIGATE RISK**

Below outlines the steps that Grizzly has taken in its 2023 financial year to address and mitigate risks to exposure of forced labour and child labour in the company's supply chain:

- (i) Grizzly's legal department reviewed the impact of the Act and provided Grizzly's management team with implications so that the Company's management team can act accordingly to adjust and improve the Company's governance structure, policies, and procedures to address any associated risks of forced labour or child labour in its supply chain practices;
  - (ii) mapped out Grizzly's exploration and production activities;
  - (iii) mapped out Grizzly's tier 1 suppliers (A/R & A/P) and continued monitoring significant suppliers on its ESG criteria, including human rights risks, by research and vendor relationship management tracking internally; and
  - (iv) conducted an initial high-level due diligence assessments across the Company's supply chain to proactively identify any potential human rights issues,
- collectively, the "**Steps Taken**".

Further to the Steps Taken, Grizzly plans to build on its initial actions by doing the following:

- conduct a detailed review and gap analysis of the current Company's mandates, policies, procedures as they relate to identifying, addressing, and prohibiting the use of forced labour and child labour within our business and supply chains.

## **VII. REMEDATION MEASURES**

Grizzly has initiated an assessment into its supply chain practices in accordance with the Act. Although Grizzly's assessment is still ongoing, it has not identified any incidents of forced labour and child labour practices from its business and supply chain activities. As a result, Grizzly has not undertaken any remediation measures.

Grizzly recognizes the importances of maintaining vigilance and continued monitoring to ensure that practices that violates human rights are identified and mitigated during the course of our business.

## **VIII. TRAINING, EDUCATION & RAISING AWARENESS**

Grizzly directors, officers, employees, inhouse contractors and consultants must adhere to the Company's Code of Conduct and Ethics policy. Grizzly is developing plans to educate and train its employees and personnel on forced labour and child labour practices via annual written communication to company employees and consultants on the impact of forced labour and child labour practices in supply chains and by reviewing and updating the Company's mandates, policies, procedures. Further, Grizzly will engage with its suppliers and contractors of its supply chain to raise awareness on the risks associated with the use of forced labour and child labour in Canada.

## **IX. ASSESSING EFFECTIVENESS**

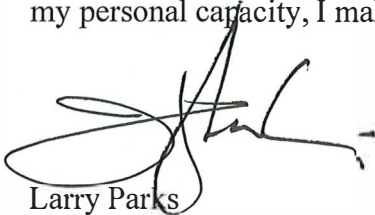
Grizzly will monitor compliance with its corporate policies on an ongoing basis by reviewing all concerns received from whistleblowers or informal employee feedback received. To date, Grizzly has not received any significant concerns or complaints.

Further, Grizzly continues to work on ensuring that we have a good understanding of the suppliers in our supply chain, particularly those suppliers from regions and industries that are considered high risk for forced labour and child labour practices, by ensuring continued communication and due diligence on them. When it comes to engaging suppliers, Grizzly will prioritize local and established suppliers. Further, Grizzly strives to maintain lasting relationships with its suppliers, and monitors whether its suppliers have fulfilled Grizzly's qualification standards and requirements upon hiring them.

Lastly, Grizzly will monitor for applicable laws and regulations and will continue to work on mitigating its risk through implementing control measures, if deemed necessary.

## **X. APPROVAL & ATTESTATION**

In accordance with the requirements of the Act, and in particular Section 11 of the Act 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. In my capacity as a Director of the Company, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.



Larry Parks  
President and Chief Executive Officer  
I have authority to bind Grizzly Resources Ltd.