

High Arctic Energy Services Inc.

Fighting Forced Labour and Child Labour Report

Introduction

At High Arctic Energy Services Inc. (“HAES”), we are committed to conducting our business while upholding the highest ethical and business standards, no matter where in the world business takes us. We expect that we will commit to these standards individually and collectively, even if maintaining such high ethical standards results in a loss of business.

HAES is opposed to all forms of forced labour. Exploitation is against our commitment to respect human rights. We will take steps against modern slavery in our business and we are committed to working with our suppliers to ensure their workforce, and the workforce of their supply chains are treated with respect and dignity.

This is HAES’s first forced labour report pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and it will be reviewed annually. Our reporting outlines the measures we have in place and the efforts we have commenced to assess and address risks of forced labour and human trafficking in our business and supply chain.

Our organisational structure and business operations

HAES is a global energy services provider, predominantly in the Oil and Gas sectors. As an energy services company, HAES provides services to exploration and production companies in Canada and abroad. Our business success relies on delivering our services better than others. This means that to establish or maintain market superiority, we need to deliver on our promise with quality inputs and fewer errors. Our ability to identify risk through a systematic, whole-of-business approach, implement quality solutions, and drive improvement through active measurement is fundamental to sustaining our business. We bring this same expertise to our approach to monitoring for modern slavery in our operations.

HAES is the parent corporation of several entities operating globally. Its material operating subsidiaries include High Arctic Energy Services PNG Limited, High Arctic Energy Services (Singapore) PTE Ltd., High Arctic Energy Services Australia PTY Ltd., and PNG Industry Manpower Solutions Limited, which operate internationally. While HAES is the sole reporting entity in this report, its policies and standards apply throughout its operations and to each of its subsidiaries.

To learn more about our business, please see <https://haes.ca/>.

Our supply chain

Within our Canadian operations, we have assessed our risk profile based on sector and industry risks as low. All of our workers are employed in Canada. We have fair and responsible employment practices in place that protect and govern our employees and promote their rights and wellbeing.

HAES leases pressure control and other oilfield equipment to oil and gas extraction companies in Western Canada on a rental basis.

HAES anticipates that the operations of its subsidiaries outside of Canada may be more susceptible to inadequate workplace conditions. We have implemented policies and standards throughout our organization to mitigate such risks, including the policies we have referenced in this report. We are committed to fair wages for all employees throughout our global organization.

Over the reporting year, HAES did not import any goods into Canada, and all goods purchased were from Canadian suppliers. However, we recognise that risks of forced labour may be present in our supply chain, particularly the second and third-tier suppliers to our Canadian suppliers, and particularly when they are supplying from regions where inadequate workplace conditions are more predominant. We have less visibility over the working conditions and employment terms of such workers.

HAES assesses and manages risk by maintaining consistent and high standards of due diligence and risk mitigation processes to monitor for and avoid inadequate workplace conditions in all environments in which HAES operates. This includes developing and implementing those policies, processes, standards and due diligence discussed in this report and requiring that all management personnel are familiar with and adhere to them.

Our policies and standards

The HAES **Code of Business Conduct** summarises our values and many of the ethical principles and policies we have developed to assist in conducting business. As we face unique business challenges daily, our decisions and actions must be influenced by the highest sense of business and professional integrity. This commitment requires not only compliance with laws but also requires that all of us, employees, officers, and directors of HAES conduct our business activities according to the values and beliefs of our Company. We expect the consultants, suppliers and contractors with whom we do business to embrace similar values and standards. HAES's Code of Business Conduct can be found on our website at: <https://haes.ca/wp-content/uploads/2023/05/HAD-007-GO-002-01-Code-of-BusinessConduct.pdf>.

Our **Modern Slavery Standard** outlines our key principles and systematic opposition to all forms of forced labour. Our approach is informed by the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the 1998 Declaration of the Fundamental Principles of Rights at Work of the International Labour Organization, which covers freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

HAES has established a **Supply Chain Standard** which requires external suppliers to meet our standards. This includes the need to meet HAES standards for conflict of interest, anti-bribery and anti-corruption, modern slavery, as well as quality assurance. Engagement of vendors is to be conducted under an approved written agreement which stipulates requirements to meet applicable HAES Policies, Standards, Terms and Conditions and whether the use of sub-contractors is permitted.

Our **Ethical Business Policy** and **Anti-Bribery and Anti-Corruption Standard** set out our expectation that everyone representing HAES conducts themselves with integrity, ethics, honesty and diligence in performing their duties, as well as our commitment to comply with the laws of the country, province or state in which we operate, and exposes illegal acts and actions.

Our **Health and Safety Policy** and **Stop the Job Obligation Policy** seeks to foster a culture of safety throughout our organization by reminding our employees that no job is so urgent or important that the necessary steps for safety cannot be undertaken. We consider it a personal obligation to proactively identify and manage the risk associated with our work and intervene in any unsafe act or condition to prevent harm to our people, the environment or damage to our equipment and reputation.

HAES' **Equity & Diversity Policy** demonstrates our commitment to providing a safe and respectful work environment, fostering a culture of diversity and inclusion where all employees, supervisors and contractors feel valued and respected. We embrace our employees' differences and do not tolerate unwelcome or unsolicited physical or verbal conduct that targets age, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, race, religion, sexual orientation, socio-economic status, and other characteristics that make our employees unique.

Our **Code of Business Conduct** maintains that our employees comply with the laws and regulations applicable to our business and maintain the highest standards of ethical conduct. As part of our **Whistleblower Standard**, we seek to maintain a workplace where concerns regarding questionable business practices or illegal conduct can be raised without fear of discrimination, retaliation or harassment.

HAES Modern Slavery Standard

Our Modern Slavery Standard is the cornerstone of our due diligence processes to identify and combat forced labour and child labour and mitigate risks in our business and supply chain.

The key principles are as follows:

- a) **HAES Principles:** we will not use child labour or forced, prison or compulsory labour. We provide wages and benefits that meet or exceed legal standards, and provide a safe, secure and healthy workplace that complies with all laws and regulations. We do not permit the payment of recruitment fees by workers.
- b) **Risk Management:** HAES Management will assess the existence of modern slavery practices and address them, if discovered, in the places where we operate and in the supply chains that support our operations. We will implement risk management strategies to mitigate the risk of potential HAES activities contributing to modern slavery, including training our workforce to be Modern Slavery Aware.
- c) **Vendors:** We engage vendors who commit to our principles. Vendor engagement will be conducted on the basis of the vendor's commitment to compliance with applicable laws and regulations and the respect of human rights. If a vendor is identified as having an elevated risk for labour rights/worker welfare, we will find an alternate vendor or undertake a detailed assessment of the vendor's management systems and processes to ensure that they are capable of effectively managing the risks within their own operations and respective supply chains.
- d) **Whistleblowing:** We provide means for free, independent and anonymous reporting of any suspected modern slavery practices associated with HAES activities and our supply chains.
- e) **Compliance Reporting:** We will comply with statutory reporting, as enacted, for relevant jurisdictions where we operate.

Engagement of a Vendor is conducted under an approved written agreement. Such agreement must stipulate requirements to meet applicable HAES Policies, Standards, Terms and Conditions and whether the use of sub-contractors is permitted. Vendors are prequalified on the basis of meeting HAES standards for:

- a) Conflict of Interest;
- b) Anti-Bribery and Anti-Corruption;
- c) Modern Slavery; and
- d) Quality Assurance.

Training

HAES uses tailored interactive web-based training programs which require employees to review and acknowledge they understand our Code of Business Conduct and our Operational and Governance Standards every two years. Through the training employees are encouraged to identify and report any potential breaches of HAES 's Code of Business Conduct.

We are in the process of implementing a similar training approach for our workforce to become more Modern Slavery Aware.

Remediation measures

To date, we have not identified any instances of forced labour or human trafficking in our business and supply chains. Therefore, we have not been required to take remedial measures. Similarly, we have not taken measures to remediate loss of income to vulnerable families resulting from remedial measures.

Effectiveness in combatting forced labour risks

To date, while there have been no reported breaches of our Modern Slavery Standard, HAES has not yet assessed the effectiveness of our actions in preventing and reducing risks of forced labour in our activities and supply chain. Going forward, we will develop a system for evaluating our effectiveness.

Approval of the Report

This Report is made in accordance with Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and constitutes HAES's forced labour report for the financial year commencing on January 1, 2023 and ending on December 31, 2023.

This Report was approved by the Board of Directors of HAES pursuant to Paragraph 11(4)(a) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* on May 31, 2024.

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.

Signed

By: 

Lonni Bate
Interim Chief Financial Officer
Date: May 31, 2024

I have the authority to bind HAES