

2023 Compliance Report for Bill S-211: Longhorn Oil & Gas Ltd.

Structure, activities and supply chains

Longhorn Oil & Gas Ltd. (Longhorn) is a Canadian-controlled private corporation (CCPC) dedicated to preventing and reducing the risk of forced or child labour in its supply chain activities. Operating around Kindersley, Saskatchewan, Longhorn is a junior player in the oil and gas industry, producing approximately 1,000 BOE per day. In addition to oil and gas production, Longhorn is involved in midstream activities as it stores and transports its production to refineries.

With a team of 13 dedicated employees, we are committed to local employment and contributing positively to the communities in which we operate. Our operations are concentrated in Saskatchewan, leveraging local expertise and resources to minimize environmental impact and maximize community benefits.

Our supply chain includes local vendors who source oilfield supplies and equipment relating to repairs and maintenance used in oil and gas extraction and transportation. We prioritize working with Canadian suppliers to ensure compliance with national labour laws and ethical standards. Given our local focus, we have fewer exposure points to high-risk regions for forced or child labour, but we remain vigilant in monitoring and assessing all potential risks. Preference is given to products produced in North America and Europe due to their superior quality.

Policies and due diligence processes

At Longhorn, our due diligence process is designed to identify and mitigate real and potential adverse impacts related to forced or child labour within our supply chain. This process begins with a thorough assessment of our suppliers to ensure they align with our ethical standards and comply with labour laws.

We maintain open lines of communication with all stakeholders, including local communities to stay informed about potential risks and emerging issues in the region where we operate. This collaborative approach helps us to continuously improve our due diligence process and ensures that we are responsive to any real or potential adverse impacts in our supply chain.

We risk assess suppliers at the inception of the business relationship and have processes in place to track changes in their risk profiles on an ongoing basis and identify negative news related to our highest risk suppliers. If a supplier is flagged for human rights risk, they will be subject to enhanced due diligence.

Forced labour and child labour risks

We have identified low risk of forced or child labour in our local operations. However, we recognize that certain areas of oil and gas extraction and supply chains carry higher risks for forced or child labour. One of the primary risk areas in our supply chain is the procurement of raw materials and equipment. This includes sourcing drilling machinery, safety gear, and other

essential tools required for extraction activities. We are aware that in some regions, the manufacturing sector may employ forced or child labour due to weaker regulatory oversight and economic pressures. To address this, we prioritize sourcing from suppliers within Canada or from countries with stringent labour laws and enforcement mechanisms.

Another critical area is the transportation and logistics segment of our supply chain. This involves moving materials from suppliers to our operational sites, often through various intermediaries. There is a risk that labour exploitation could occur at any stage, particularly in regions with less rigorous labour protections. We also consider indirect suppliers, especially when subcontractors are involved. We extend our due diligence processes to all subcontractors and require them to undergo the same checks as our direct suppliers.

By identifying and addressing these high-risk areas, Longhorn ensures that our activities and supply chains do not cause or contribute to forced or child labour. Our proactive approach includes continuous monitoring, stakeholder engagement, and a commitment to improving our practices based on emerging risks and feedback from our partners. This ongoing engagement helps us protect vulnerable workers throughout our supply chain.

Remediation measures

Even though we assess the risk of forced or child labour to be low, we are committed to maintaining ethical standards across our supply chain. In the rare event that any instances of forced or child labour are identified, we have clear and immediate remediation processes in place which would consist of immediately ceasing purchasing and reporting the supplier to the appropriate level of government. These measures are designed to eradicate any potential exploitative practices from our supply chains.

First and foremost, we would immediately halt any engagement with the supplier or subcontractor in question. This pause allows us to conduct a thorough investigation into the reported issue. Our priority is to ensure that all affected individuals are removed from harmful conditions and provided with the necessary support. Next, we would engage in direct dialogue with the supplier to address the violation and discuss immediate corrective actions to be implemented to improve their practices. If unwilling to cooperate, the relationship with the supplier will be terminated.

Remediation of loss of income

We understand that efforts to prevent and reduce forced or child labour may impact the income of individuals and communities that depend on certain supply chain activities. We deem the risk of such labour issues in our operations is low and as such, no measures have been taken to remediate loss of income. In cases where terminating a relationship with a non-compliant supplier is unavoidable, we work to find alternative, compliant suppliers in the same region to minimize economic disruption.

Training

Our training is designed to equip our employees with the knowledge and skills needed to effectively identify and respond to incidents of forced or child labour in our operations and supply chains.

As part of quarterly safety meetings, time is dedicated to ensuring all employees are aware of forced or child labour risks. This discussion covers a range of topics, including our company policies, the legal requirements of Bill S-211, the signs of forced labour and child labour, and the steps to take if they suspect these practices are occurring.

At Longhorn, we encourage a culture where employees feel comfortable discussing sensitive issues with their supervisors (like forced or child labour), making it known that their voice matters. An anonymous digital form is also accessible for employees to freely express concerns or suggestions.

Assessing effectiveness

Given the nature of our operations and the close-knit relationships we maintain with our suppliers, our exposure to forced or child labour is assessed as low. Nonetheless, we remain committed to upholding ethical labour practices and continuously refining our approach to ensure compliance and integrity throughout our supply chains.

We regularly review feedback from our informal practices, including supplier chats, self-reports, and team discussions to gauge the effectiveness of our efforts. Additionally, Longhorn conducts on-going supplier screening, which allows us to baseline a supplier's risk profile and subsequently flag and assess any activities that do not adhere with the "Modern Slavery Act."

Attestation pursuant to section 11 of the Canadian Act

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.



Gary Becker
President/CEO
Longhorn Oil & Gas Ltd.
May 24th, 2024

I have the authority to bind Longhorn Oil & Gas Ltd.