



## Major Drilling Group International Inc. Report on Compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

**Reporting Year: Fiscal 2024 (May 1, 2023 to April 30, 2024)**

**Reporting Entity:** On review of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”), it is clear that Major Drilling Group International Inc. (“Major Drilling”) falls under the definition of “entity”, as the company is listed on the Toronto Stock Exchange. Given how the term “entity” is defined under the Act, it is only the company’s Canada-based operations that have reporting obligations under the Act. As such the company’s subsidiaries based outside of Canada are outside the scope of this report.

### **1. Company Profile**

Major Drilling Group International Inc. (“Major Drilling”) is incorporated under the *Canada Business Corporations Act*. Headquartered in Moncton, New Brunswick, Canada, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia, and provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services. As of April 30<sup>th</sup>, 2024, the Company’s Canadian operations and head office includes 3,448 employees. For more information on the company’s services branch locations, and other details, please see its annual management information circular, annual information form and annual report available here: <https://www.majordrilling.com/investors/annual-meeting/>

### **2. Policy and Commitment**

Major Drilling is committed to doing its part to combat forced labour and child labour. As further set out in our [Human Rights Policy](#), Major Drilling is committed to respecting the fundamental freedoms and human rights of our workers and the communities that could be impacted by our activities. We recognise, respect and abide by all applicable labour, child labour, modern slavery and employment laws, and we require that our suppliers meet the same standards. These include prohibitions on child labour, forced labour, discriminatory behaviour, human trafficking and all forms of modern slavery, as well as recognition of the rights of freedom of association and collective bargaining.

### **3. Supply Chain Overview:**

In the vast majority of instances, Major Drilling purchases and takes possession of goods from the suppliers in the same operating jurisdiction.

As we operate in multiple jurisdictions globally, we have two main sources of suppliers. We purchase from global suppliers where we acquire key products for our drilling projects, including drills and rods which are either distributed locally or caused to be freighted to our locations. For other more

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commodity-based supplies, each jurisdiction will typically source from local providers. For the former, we source these products from a handful of key global suppliers which are headquartered in various locations (e.g. Canada, US, Sweden, Finland), although their manufacturing facilities are spread out over a number of countries (e.g. Poland, Australia, Canada, US, Chile, China and Northern Ireland).

For jurisdictions lacking adequate local supply chains, goods are acquired by Major Drilling in Canada for distribution to Major Drilling's international branches.

For all other remaining supplies needed to run our projects and offices, each of our operating jurisdictions will acquire what they need locally.

Given the nature of our business, the majority of our purchases are specialized and highly technical in nature and are acquired from reputable suppliers.

#### 4. Risk Assessment

**Our Approach:** Major Drilling is structured as a globally decentralized organization with day-to-day operational autonomy residing mostly at the branch level across our fifteen countries of operations. While there is certain centralized sourcing of materials, inventory and equipment via key suppliers, we also source much of this at the local and/or regional level.

In this dynamic, we have adopted a risk-based approach to assessing potential forced labour and child labour related concerns in our supply chain. In this first year of beginning to formalize these processes, the initial step has been to establish an appropriate set of criteria for undertaking a risk-based assessment, i.e. this will include assigning priority based on Major Drilling's annual spend per vendor, and screening the locations of our key suppliers against regions known to have a significant risk for forced labour and/or child labour.

An evaluation of the severity of identified risks will be the next step in this process.

#### 5. Policies and Procedures

In mid-2023, the Company launched a Head Office Working Group to oversee the development of a compliance program in relation to the Act. At the time of preparing this report, the Working Group included the VP Legal Affairs and ESG Lead, the VP Technology & Logistics, the Corporate Controller, the Director of Internal Audit, and the ESG & Sustainability Coordinator (the "Working Group").

Major Drilling's key policies that are relevant to the Act include, among others, its Human Rights Policy and Code of Ethics and Business Conduct, both of which are described below.

##### **Human Rights Policy**

Major Drilling's [Human Rights Policy](#) was adopted by the Board of Directors on June 15<sup>th</sup>, 2021, and revised on March 23<sup>rd</sup>, 2023 and February 27<sup>th</sup>, 2024. This document embodies our primary policy statement pertaining to forced labour and child labour<sup>1</sup>. We note therein that:

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<sup>1</sup> Note these concepts are similarly addressed in Major Drilling's [ESG Policy](#).

Respecting the fundamental freedoms and human rights of our workers and the communities that could be impacted by our activities is the bedrock of our social responsibility efforts. We recognise, respect and abide by all applicable labour, child labour, modern slavery and employment laws, and we require that our suppliers meet the same standards. These include prohibitions on child labour, forced labour, discriminatory behaviour, human trafficking and all forms of modern slavery, as well as recognition of the rights of freedom of association and collective bargaining.

We ask that whether you are an employee, contractor, supplier or other stakeholder in our business, you take ownership of this policy and ensure that you and others continue to foster its successful implementation. It is through adhering to this policy that we will become a better and more sustainable company and corporate citizen.

To ensure this message is adequately communicated to our suppliers and compliance is confirmed, we added language to our new-vendor on-boarding process instructions as of January 20<sup>th</sup>, 2023, that sets out the obligations of all Suppliers in relation to the above-mentioned Human Rights Policy, and specifically related to forced and child labour.

### **Code of Ethics and Business Conduct**

Major Drilling's [Code of Ethics and Business Conduct](#) (the "Code"), while broader in its nature and application, is also part of the company's broader policy framework that can address issues connected to fighting forced labour and child labour. Under s.1 of the Policy entitled "Purpose and Scope", it sets out that "[i]t is the policy of the Corporation to conduct its business affairs honestly, ethically and in full accordance with the law." At s. 2.9 the policy states that:

The Corporation requires that its business actions be conducted with honesty and integrity based on objective factors like cost, quality, value, service and the ability to carry through on commitments. This includes decisions about which external partners the Corporation works with, **such as vendors**, contract factories and **suppliers**, and how the Corporation works with these various external partners. *[emphasis added]*

**Whistleblower Program:** The company's Whistleblower Program, as further detailed in s.6 of the Code, is a fundamental pillar of this policy. Employees of Major Drilling are required to report any conduct or proposed conduct that they reasonably believe to be a violation of the Code through the facilities of Major Drilling's independent third-party reporting service. This service allows reporting via the Internet or by telephone and, in any case, on an anonymous basis. Reported violations of the Code are handled promptly and professionally. All reports are investigated and forwarded to appropriate members of management or the Board of Directors for follow up. Members of the Board (e.g. Chair of the Audit Committee for financial whistleblowing, Chair of the Corporate Governance and Nominating Committee for other potential breaches) play an important role in the whistleblower complaints process and are informed forthwith when serious allegations are lodged. Persons who report suspected improprieties are provided feedback when possible and appropriate.

Taking into account the objectives of the recently adopted Act and related legislation, Major Drilling amended s.6 of the Code in July 2023 to provide explicit language to convey that a breach of “any of its policies” (i.e., including its Human Rights Policy – and specifically, issues pertaining to forced labour and child labour), would fall under the gamut of the Whistleblower Program.

## **6. Training and Capacity Building**

The following are the details of key training programs and capacity-building initiatives for employees on forced labour and child labour issues:

- A targeted mandatory training video delivered to employees across the Company’s global operations who undertake a purchasing function in their role (e.g. purchasers and approvers). This training video was developed in-house (with script review by external counsel) and covers both forced labour and child labour, among other topics.
- Corporate-wide training on the Code of Ethics and other related policies provided through company on-boarding and through various other channels on a regular basis.

## **7. Monitoring and Reporting Mechanisms**

Reporting: See whistleblower program above.

## **8. Grievance Mechanisms**

See whistleblower program above.

## **9. Remediation**

To date, we have not identified any instances of forced and/or child labour in our supply chain. Should we become aware of such an allegation, the Company would undertake a full investigation, which would include detailed discussions with the supplier(s) in question. Should the investigation result in the allegation being substantiated, measures, up to and including termination of contract, are to be considered, along with a declaration of same to relevant authorities.

## **10. Key performance indicators (KPIs) related to our compliance efforts.**

As this is the first reporting year for the Company in relation to monitoring allegations relating to forced and/or child labour, there are no prior reporting years to compare to. At this preliminary stage, the Company has determined that the following are the KPIs that it plans to track on a yearly basis regarding its compliance efforts:

- % of employees in purchasing function who have received annual training
- # of substantiated allegations relating to forced and/or child labour, including whistleblower complaints (among others)
- Tracking of key suppliers as part of risk assessment process

Internal Audit has amended its quarterly branch sub-certification process to confirm branches are in compliance (or to identify instances of non-compliance if any) with Major Drilling's policies regarding Forced Labor and Child Labor in the Supply Chain as described above. Further, Internal Audit will add substantive procedures to the branch audit plans/visits to obtain evidence to support the branch responses to the sub-certification.

#### **11. Collaboration and Engagement**

Aside from the above-mentioned vendor on-boarding process, in this first reporting year for the Company under the Act, there has not been significant collaboration with stakeholders, NGOs, and industry groups on this topic. The focus for this year has been to establish the reporting framework, as further described above, and to engage with legal counsel and other third-party consultants to gain a further understanding of the related compliance requirements and what others in the industry and broader economy are doing in relation thereto. The Working Group has also engaged with various third-party due diligence providers to explore their offerings but has not formalized any services contracts with them as of the date of filing this report.

#### **12. Future Plans**

Subject to additional investigation and exploration, future initiatives to improve supply chain labour practices for the Company may include:

- Collaborating with industry associations, suppliers and key clients to identify common/best practices.
- Delivering in-person training to complement the aforementioned training video to further enhance understanding and capacity across the organization.

One of the guiding principles of the Company in its broader sustainability and ESG efforts is a commitment to continuous improvement and transparency.

#### **13. Sign Off and Verification**

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.

I have the authority to bind Major Drilling Group International Inc.



Denis Larocque – Chief Executive Officer & President, and Director (Board of Directors),  
Major Drilling Group International Inc., May 8, 2024.