



**PetroChina  
Canada**

# Report

**JOINT REPORT (2023)**

**FORCED LABOUR AND CHILD LABOUR**

**DOCUMENT NUMBER: PCC-CP-REP-00068**

Finalized, approved and attested to on May 30, 2024

## 1. INTRODUCTION

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This Report is prepared pursuant to and in accordance with the *Fighting Against Forced and Child Labour in Supply Chains Act* (the “**Act**”) for the 2023 reporting year. Further, as provided in the guidance provided by Public Safety Canada, PCC has provided certain supplemental information of activities taken in the present reporting year (2024), which will be identified herein, to foundational work undertaken in the 2023 reporting year.

PetroChina Canada Ltd. and its controlled entities (collectively, “**PCC**”) are committed to preventing Forced Labour and Child Labour (as defined in the Act, and also referred to in this Report as “**Modern Slavery**”), in its business operations and supply chains. This report is filed as a joint report by PCC and its controlled entities who meet the “Reporting Entity” criteria under Sections 2 and 9 of the Act. These entities include:

- PetroChina Mackay Oilsands Partnership
- PetroChina Duvernay Gas Partnership
- PetroChina Groundbirch Gas Partnership

PCC and its controlled entities operate exclusively within Canada and follow Canadian Laws and regulations. Each PCC entity has a fiscal year end of December 31 and share the same general policies, practices, procedures and oversight with respect to the items relevant in this Report.

## 2. MEASURES TAKEN TO PREVENT MODERN SLAVERY

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In accordance with Subsection 11(1) of the Act, in the fiscal year 2023, PCC undertook several initiatives to proactively ensure the prevention of Modern Slavery within its operations and supply chain, including:

- Established a task force headed by Corporate Counsel with appointed members across all departments, including Supply Chain, Finance, Health, Safety, Security, and Environment (“**HSSE**”)/Compliance, Audit & Human Resources (“**Task Force**”).
- PCC Legal counsel:
  - Regularly reviewed commentary leading up to the introduction of the Act, reviewed various supporting resources released by the Office of Public Safety (“**Public Safety**”) and additional materials, and assessed comparative policy of other jurisdictions with their own mandates and reporting regimes. Counsel also reviewed the enactment, collaborated with industry peers, provided guidance to PCC, and advised on the preliminary recommendations to be undertaken in alignment with the spirit of the Act; reviewed PCC’s contract, Request For Proposal and Request For Quotation templates and related documents and initiated updates accordingly for the purpose of implementing specific additional protection against Modern Slavery. As part of this process, PCC made specific modifications to its contractual language. Through the inclusion of explicit provisions addressing labor practices, human rights, and supply chain transparency, PCC demonstrated a proactive stance in preventing inadvertent engagement in exploitative practices.

These updates were approved in January of 2024 and included on PCC's system as our templates to be used moving forward.

- Reviewed PCC's existing policies, standards and procedures for the purposes of making recommendations for improvements in 2024.
- Conducted a high-level risk review of current suppliers with a specific emphasis on reviewing its financial transactions in jurisdictions outside of North America.
- Collaborated with its third-party risk assessment and due diligence services provider and updated its vendor pre-screening questionnaires, with specific emphasis on Modern Slavery screening as screening criteria requiring responses from our vendors.
- PCC developed and implemented mandatory training for all its employees on Modern Slavery prevention. This training equips employees with essential knowledge about the purpose of the Act, forced labour statistics, high risk source regions, tips for identifying risks of forced labour, and PCC's obligations under the Act. The training was mandatory for PCC employees to complete prior to December 31, 2023, and employee performance is tracked on PCC's learning platform.
- PCC initiated a company-wide Environmental, Social, and Governance (ESG) program to formalize and track existing initiatives that supported and contributed to progress on ESG, including the respect of human rights. This program was initiated in recognition of the importance of ESG to overall performance improvements and to align with best practices in the industry. PCC has convened an ESG Committee at an executive level to oversee the program and an ESG Task Force to execute the program. Through the ESG Committee and Task Force, PCC has selected the International Petroleum Industry Environmental Conservation Association (IPIECA) Standard as the basis for ESG discussion and reporting. The IPIECA Standard includes consideration of human rights within its key performance indicators.

### 3. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

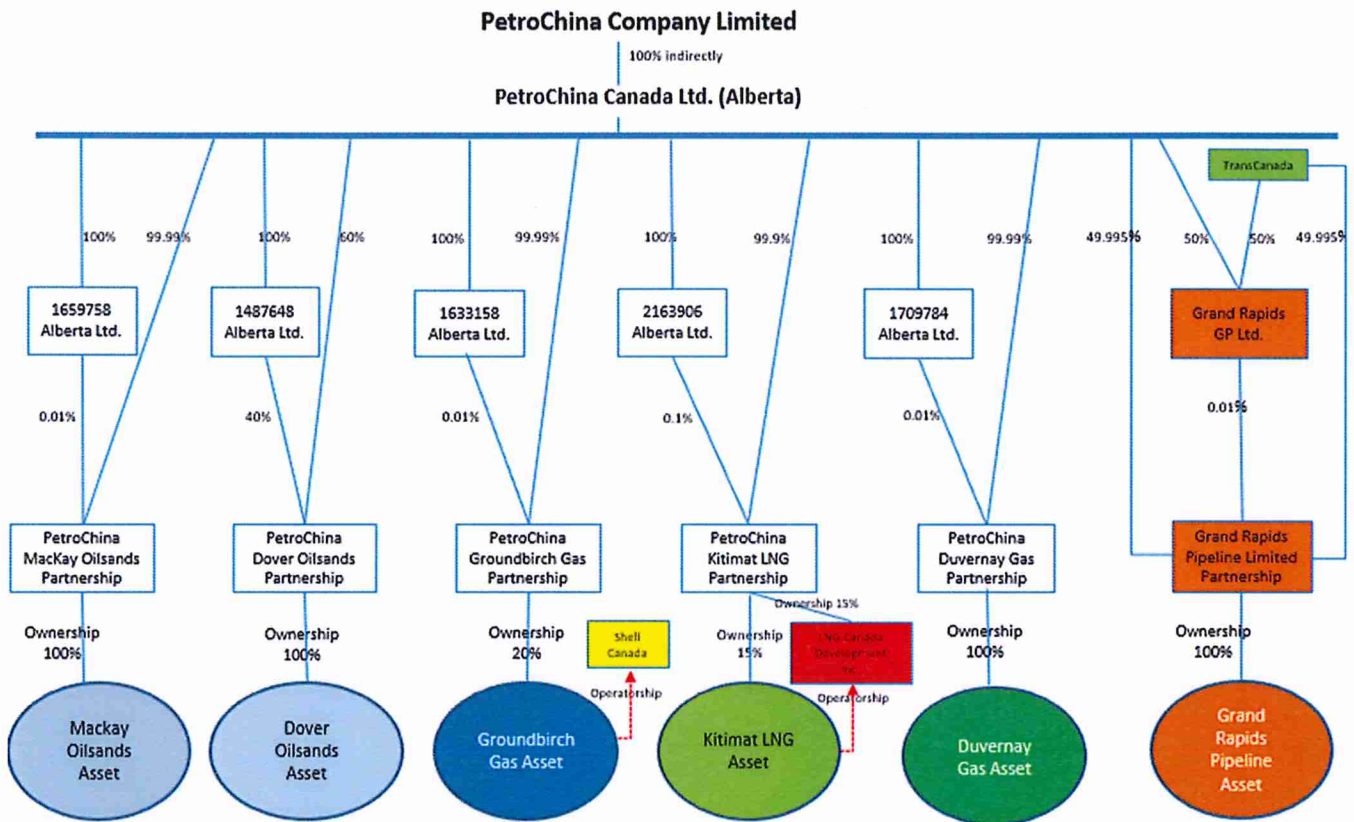
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#### 3.1 CORPORATE STRUCTURE

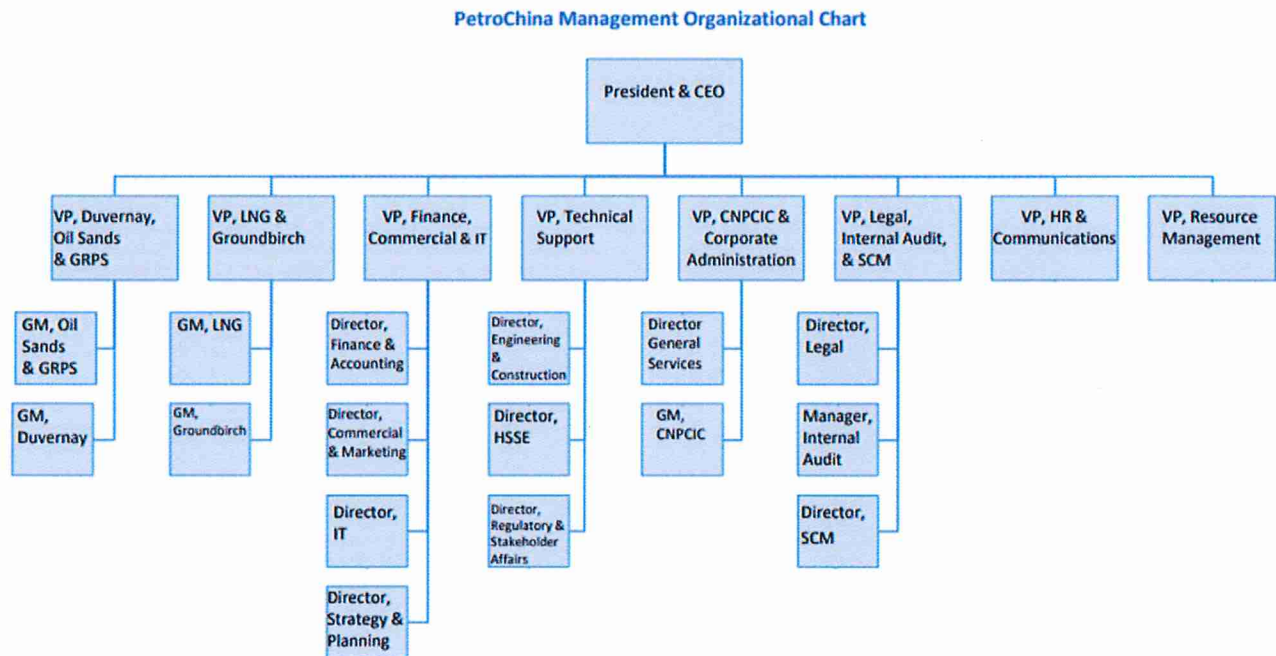
PCC's head office is located in Calgary, AB, at Manulife Place, Suite 2700, 707 – 5 Street SW, Calgary, AB T2P 1V8.

PCC holds a portfolio of upstream, midstream and downstream operations in Alberta and British Columbia. In Alberta, these assets include our MacKay River oilsands project, the Duvernay Shale Gas venture, and a 50% interest in the Grand Rapids Pipeline. In British Columbia, we hold joint venture interests in the Groundbirch tight gas project and the LNG Canada export facility.



**ILLUSTRATIVE CORPORATE CHART**

**Figure 3.1-1 – PCC and its Controlled Entities**
**3.2 ORGANIZATIONAL STRUCTURE**

The organizational and reporting structure of PCC (Figure 3.2-1) is designed to ensure efficient operations across all its entities. PCC’s organizational structure also guides our Limits of Authority Policy, which ensures appropriate review of operations and supply chain across appropriate departments, including Legal, who review contracts and provide guidance in our procurement processes with respect to Modern Slavery protections.



**Figure 3.2-1: PCC Corporate Organizational Chart**

### 3.3 ACTIVITIES

PCC's integrated asset portfolio, the specific ownership structure of which is set out in Figure 3.1-1, includes:

- Mackay River Commercial Project: A steam-assisted gravity drainage (SAGD) facility wholly owned and operated by PCC and located approximately 30 km west of Fort McMurray, Alberta.
- Duvernay Shale Gas: A liquids-rich gas condensate resource play wholly owned and operated by PCC, located in west-central Alberta.
- Groundbirch Tight Gas: A non-operated joint venture (20% interest) with Shell Canada Limited producing methane gas, natural gas liquids and condensate from the Montney tight gas formation, approximately 50 km south of Fort St. John, British Columbia.
- LNG Canada: A natural gas liquefaction plant & marine terminal export facility, LNG Canada is a non-operated joint venture (15% interest) with Shell Canada Limited, PETRONAS, Mitsubishi Corporation and Korea Gas Corporation. Groundbirch and Duvernay are equity gas supply sources for our interest in LNG Canada.
- Grand Rapids Pipeline: a non-operated joint venture (50% interest) with TC Energy, transporting crude oil and diluent volumes 460 km between Fort McMurray region and the Edmonton/Heartland region. PCC notes that the report for Grand Rapids Pipeline Limited Partnership was included in TC Energy's joint report as operator and 50% owner. A copy of TC Energy's report is available on its website here: <https://www.tcenergy.com/siteassets/pdfs/sustainability/tce-2023-forced-labour-report.pdf>

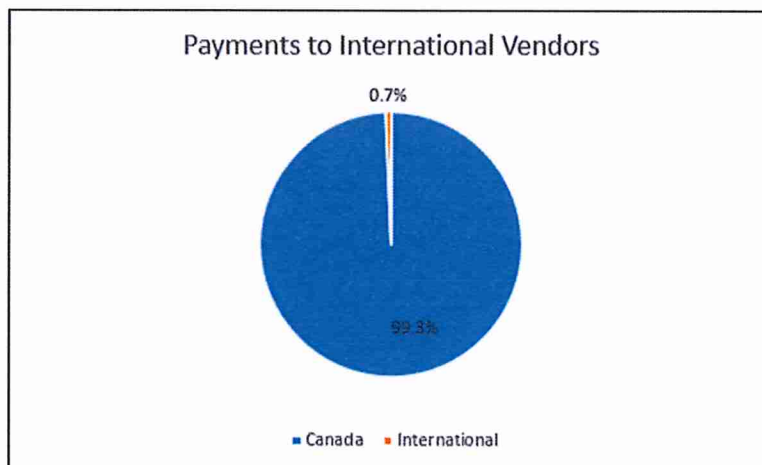
### 3.4 SUPPLY CHAINS

PCC's supply chain is fully integrated, encompassing upstream, midstream, and downstream operations in the oil and gas industry. With an understanding and management of its supply chain, PCC ensures the efficiency, sustainability, and ethical integrity of its operations, thereby safeguarding against the risk of Modern Slavery.

In the Upstream Supply Chain, PCC engages in exploration and production activities, collaborating with a diverse array of suppliers to support various PCC needs. These suppliers include drilling contractors, equipment manufacturers, and service companies, all crucial in facilitating efficient and productive operations. The Midstream Supply Chain involves the transportation, storage, and wholesale marketing of crude oil, natural gas, and refined products. This segment involves partnerships with pipeline companies, storage facilities, and shipping entities, ensuring the smooth flow of resources throughout the supply chain network. The Downstream Supply Chain involves refining crude oil and purifying raw natural gas, as well as marketing and distributing products derived from crude oil and natural gas. PCC's downstream suppliers include engineering firms, construction companies, and logistics providers.

PCC procures goods and services across a wide range of categories and industry sectors and is committed to ensuring that our contracting and procurement activities are done in compliance with our policies and law. As shown by its review of Tier 1 suppliers and history of payments, PCC's sourcing involved contracts and purchases from reputable suppliers located in Canada. A pie chart in this regard is provided in Figure 3.4-1 below for reference.

Based on its review of its limited number of international payments, PCC is confident that its risk of Modern Slavery, specifically in relation to its Tier 1 suppliers, remains low.



**Figure 3.4-1: PCC's 2023 International Payment Transfers to Suppliers**



### 3.5 POLICIES AND DUE DILIGENCE PROCESSES

PCC has several policies and due diligence processes in place to assist in preventing Modern Slavery. Building on the foundations of the measures taken in the previous fiscal year, PCC has taken further strides in 2024 to improve its policies, practices, and procedures to aid the organization in preventing Modern Slavery within its operations and supply chain. A summary of these items in formal existence in 2023 (with supplemental commentary on 2024 updates specified) includes:

- **Limits of Authority/Mandatory Review Policy:** All PCC contracts and policies are subject to this policy, which requires review and approval by various departments. The majority of contracts with vendors are also reviewed by our legal department for risk and compliance purposes.
- **Contract Review Policy:** Provides guidance to ensure that PCC Contracts are reviewed by the requisite levels of authority within the Company and to ensure that all associated corporate risks have been identified and mitigated to the lowest level as reasonably practicable (which includes adherence to law). The policy also mandates that for the purposes of the approval process, appropriate due diligence be conducted using subject matter experts, including but not limited to: technical, commercial, Supply Chain Management (SCM), HSSE, tax, insurance, risk, indigenous relations, and legal.
- **Supply Chain Management Policy:** Outlines the governing principles to be followed by PCC in conducting SCM activities and imposes a responsibility on the SCM department to ensure that all aspects of relationships with suppliers are held to the highest ethical and professional standards.
- **Corporate Code of Conduct:** PCC has instituted a policy commitment to uphold human rights and to ensure, to the extent reasonably possible, the health, safety, and well-being of its employees. This is articulated in the Corporate Code of Conduct, reflecting the company's dedication to ethical practices and responsible business conduct.
- **Audit Policy and Processes:** PCC's Audit Policy and processes require annual audits of suppliers, as well as internal audits of company adherence to its policies and procedures.
- **Whistleblower Policy:** PCC's whistleblower policy encourages employees to voice concerns, including those related to human rights violations or any other non-legal compliance, and outlines clear procedures for reporting and resolution, accompanied by protections for whistleblowers.
- **HSSE:** PCC maintains a robust HSSE management system to ensure stringent compliance with legal requirements. PCC's HSSE Policy delineates the measures undertaken by PCC to uphold safety standards and mitigate risks.
- **Vendor Prequalification Procedures:** PCC enforces stringent vendor pre-screening procedures, which also incorporates pre-screening inquiries regarding Modern Slavery history, safeguards, and reporting protocols. Building on the foundational work completed in 2023, PCC intends to continue to work on developing a system to incorporate the responses received from its Modern Slavery Screenings as part of its risk matrix.
- **PCC Contractual Protections:** PCC's 2023 standard form contracts incorporate language encompassing compliance with PCC policies and law provisions. Stemming from the measures taken in 2023, as of January 2024, Modern Slavery prohibition and prevention mechanisms such as representations and warranties, mandatory reporting obligations of instances or allegations of Modern Slavery, and remediation measures are included in our standard contractual templates.

- **Employee Training:** All employees and contractors working in PCC offices are required to take mandatory training on Modern Slavery prevention, which includes risk identification and prevention strategies.
- **2024: Modern Slavery Policy:** As a continuation from measures taken in the previous year, PCC has developed a standalone Modern Slavery prevention policy, in approval by PCC in conjunction with this Report, together with an update to include a Modern Slavery specification in PCC's Whistleblower policy.

### 3.6 RISK ASSESSMENT & MANAGEMENT

Through the practices, procedures and other measures identified in this report, PCC is able to effectively assess and manage risk throughout its supply chains, including risks associated with Modern Slavery.

Following a thorough review of our existing policies and procedures addressing Modern Slavery risks, its general supply chain needs, as well as transaction history with our vendors, PCC is confident that its operational exposure to Modern Slavery risks in its supply chain is minimal. However, PCC recognizes that certain parts of its business and supply chain could carry risks and there is room for improvement. Such risks may include supply chain needs that may involve Tier 2+ suppliers, such as those sourcing raw materials that go into the products and manufactured materials purchased by PCC from its Tier 1 suppliers.

PCC has identified that supplier procurement also often carries potential increases in risk for Modern Slavery and has developed an SCM process to overview and monitor its practices. With respect to improvements, updates to PCC's supplier prequalification process is a crucial step. Although Modern Slavery screening was incorporated into our due diligence and vendor screening, a gap still remains with respect to incorporating these criteria into our prequalification approval and risk management systems with our third-party provider. PCC is working towards improvement in this regard.

### 3.7 REMEDIATION MEASURES

No instances or allegations of Modern Slavery were identified within PCC's operations or supply chain, and PCC undertook no remediation measures for the fiscal year 2023 to date.

Nonetheless, aiming to enhance its current employee training, PCC has entered discussions with a third-party training provider to purchase their Modern Slavery E-Course: Combating Forced Labour & Child Labour in Supply Chains & Canada's Regulation of Modern Slavery. According to the provider's advertising, portions of the proceeds from sales of their Modern Slavery E-Course are donated to non-profit and charitable organizations with initiatives dedicated to ending Modern Slavery and who PCC hopes are well equipped to address mitigation of income loss for affected families and/or other remediation tactics.

### 3.8 MODERN SLAVERY TRAINING

PCC's current training program (developed in-house and implemented in 2023), which was mandatory for all PCC employees to complete prior to December 31, 2023, addresses global concerns surrounding Modern Slavery, focusing on risk identification and best practices for prevention. The training is approximately 40 minutes long,



encompassing a thorough examination of pertinent issues and a detailed review of PCC's obligations under the Act. Following the informational section, employees are required to take a test requiring an 80% passing grade for completion. Participation in this training is mandatory for all employees, underscoring PCC's commitment to promoting awareness and fostering a culture of ethical conduct throughout the organization. Employee training is tracked on PCC's learning portal.

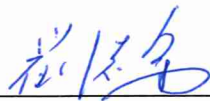
### 3.9 EFFECTIVENESS ASSESSMENT

PCC utilizes a range of methods to evaluate the efficacy of its policies and procedures and prevention of Modern Slavery. These methods encompass regular audits, strict adherence to company policies, feedback from employees and suppliers, monitoring of key performance indicators linked to supplier compliance, and employee training.

For field operations, PCC conducts site visits and inspections to verify compliance with ethical standards and labour laws. This involves conducting on-site assessments of working conditions, receiving feedback from site crews, and reviewing documentation to ensure adherence to relevant policies and regulations. PCC has also begun evaluating the effectiveness of policies and procedures through its third-party risk management software by reviewing the accuracy and completeness of data collected through the software and assessing the timeliness and appropriateness of actions taken in response to identified risks.

## 4. 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 PCC 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 and that this Report was approved by PCC's governing body pursuant to subparagraph (4)(b)(i)(ii) for the reporting year 2023. I have the authority to bind PCC and each of its Reporting Entities specified in this Report.



Name: Zhiyong Liu  
Title: President & CEO  
Date: May 30, 2024

Reviewed and witnessed by:



Name: Xinyu Li  
Title: VP, Legal and Internal Audit,  
Corporate Secretary