

SNC-Lavalin | Dragados | Pennecon G.P.

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2023 Report on Fighting Against Forced Labour and Child Labour in Supply Chain

Prepared by

SNC-Dragados-Pennecon G.P.

May 2024

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I. STATEMENT DEVELOPMENT AND APPROVAL SUMMARY

SNC-Dragados-Pennecon G.P., a General Partnership consisting of SNC-Lavalin Major Projects Inc. (now operating as AtkinsRéalis Major Projects Inc.), Dragados Canada Inc., and Pennecon Limited (“SDP”) has prepared this Modern Slavery Report on Fighting Against Forced Labour and Child Labour in Supply Chain (the “Report”) covering the period of **January 1, 2023, to December 31, 2023**. SDP’s primary purpose and activity during the relevant time period is construction of the **West White Rose Project** (the “Project”). The Report is made pursuant to section 11 of *the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (the “Act”).

The Report is the product of consultations within the relevant SDP departments, including Legal, Human Resources, Finance, Procurement, Quality, Health, Safety and Environmental.

This Report has been reviewed and approved by SDP’s Executive Committee on May 30, 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 on behalf of SDP. To the best of my knowledge and belief, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

A handwritten signature in blue ink, appearing to read 'Ian Baker', is written over a horizontal line.

Date: May 30, 2024

Ian Baker

Project Director

SNC-Dragados-Pennecon G.P.

I have authority to bind the general partnership.

II. INFORMATION ADDRESSING THE REQUIREMENTS OF SUBSECTION 11(3) OF THE ACT

A. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

1. STRUCTURE

SDP is a Newfoundland and Labrador unincorporated joint venture partnership created on July 19, 2017, by Dragados Canada, Inc. (“**Dragados**”), SNC-Lavalin Major Projects Inc. (now operating as AtkinsRéalis Major Projects Inc. (“**AtkinsRéalis**”), and Pennecon Limited (“**Pennecon**”).

The primary purpose of SDP is to provide design and construction services in respect of the Project.

SDP’s staff is comprised of employees of Dragados, AtkinsRéalis or Pennecon that have been seconded to the Project, as well as a number of employees directly hired by SDP. SDP, through an agreement with TradesNL also has a craft workforce numbering over 2200 employees at peak on the Project. Many of the staff and all the craft are based at SDP sites offices located close to the Project.

2. ACTIVITIES

SDP has undertaken the Project on behalf of Cenovus Energy and its partners, Suncor Energy Inc. (Suncor) and Nalcor Energy – Oil and Gas Inc. (Nalcor). Cenovus is developing the West White Rose Platform to extend the development of its White Rose Field on the Grand Banks using a wellhead drilling platform. The platform will comprise a concrete gravity structure (CGS) supporting an integrated topsides deck. The deck will provide drilling facilities, 20 conductors (potential for 40 wells), wellhead equipment, flare boom, utilities, accommodation for 144 people and a helideck. It will be installed on the CGS by offshore float over after the CGS has been installed. A number of flow lines from sub-sea drill centers will be connected to the wellhead platform. The CGS is being built in a graving dock in Argentia, Newfoundland.

3. SUPPLY CHAIN

As of May 2024, SDP has engaged over five hundred plus (500+) domestic and international suppliers for the Project with key areas of spend including materials, equipment and services such as heavy construction equipment, concrete, steel, specialist equipment, piping, industrial/engineering consumables such as fuel, lubricants, abrasives, adhesives, sealants, major plant & equipment, personal protective equipment, subcontractors, insurance, professional services, technology, and telecommunications.

The products and services may be sourced locally or imported by SDP for use in the development, design, and construction of the Project. In addition to procuring products and services, SDP also engages in procuring services related to corporate support, such as legal and IT services, and professional consulting services such as design and engineering.

B. POLICIES AND DUE DILIGENCE PROCESSES

SDP, with support from the partnership corporate entities, has maintained, since its inception in 2017, a business commitment with the different persons or entities that interact with it and its employees (direct or seconded) based on ethical principles that guide the functioning of SDP and are part of the common corporate culture of the constituent partner corporations.

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We are committed to ensuring that there are no human rights violations, including modern slavery or human trafficking, in our supply chains or in any part of our business. SDP is committed to acting ethically and with integrity in all our business relationships, and we expect the same high standards from all our subcontractors, suppliers, and other business partners.

OUR POLICIES

Governance and leadership

SDP's governance framework is founded on the partnership's common core values of integrity, quality, client satisfaction, people, corporate citizenship, accountability, honesty, open communication, trust, candour and compliance with applicable law, all underpinned by safety. These values form common denominators of the respective codes of ethics and business conduct, and codes of conduct for business partners, of the partner corporations.

The partner codes of ethics and business conduct policies are reviewed and updated regularly and adapt and evolve with applicable law. These partner values form the SDP's own policies which sets the standard of behaviour and business conduct SDP expects from all its employees, subcontractors, suppliers and partners, including all SDP's procurement activities.

SDP's partner policies and positions from the top-level parent corporations (Dragados, AtkinsRéalis, and Pennecon) have been applied to the extent possible to the Project work and supply chain of SDP. These policies have a common backbone in that they seek to mitigate the risk of slavery and human trafficking occurring in our supply chain, provide knowledge and training to recognize and report same, protect whistleblowers, assiduously screen suppliers and flow down the commitments of the parent companies with respect to transparency and integrity.

Compliance

The partner corporations of SDP are collectively responsible for overseeing ethics and compliance at the Project, including adapting Project policies to comply with the evolving ethical and legal landscape, such as the compliance required by the Act.

SDP is committed to upholding human rights through a variety of codes and policies that are flowed down from the partner corporations.

Procurement

SDP ensures that all procurement activities are conducted in compliance with all applicable laws, its own policies, procedures and code of ethics and business conduct. SDP requires conformance to SDP ethical standards and business practices for those doing business with SDP, including subcontractors and suppliers. Each prospective subcontractor or supplier is screened, and each subcontract or supply agreement has express provisions requiring agreement with a supplier code of conduct. The code of conduct requires contractors uphold SDP ethical business and labour practices and to comply with applicable laws.

SDP utilizes partner company procurement frameworks which prescribe policy, systems, and processes to support supply chain due diligence. AtkinsRéalis procurement systems and workflows form the basis of the

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Project Procurement Plan (PPP) with the cost, finance and engineering policies and processes of the other two partners integrated into it. In addition to supporting best practices, the PPP provides the project procurement team with specific workflows and thresholds to ensure compliance with SDP and partner policies. SDP reviews and continuously looks for improvement to our agreements, policies and procedures. It is SDP's goal to support and guide our suppliers towards sustainable procurement practices in the management of their own supply.

OUR DUE DILIGENCE PROCESSES:

The SDP partners conduct robust human rights due diligence through an analysis of adverse impacts on human rights, considering both the context of SDP's operations as well as the activities carried out by ADP. This assessment includes an analysis of forced labour and child labour risks. The system is based on the 'protect, respect and remedy' pillars of the United Nations' Guiding Principles.

Through this system, each year, the SDP partners analyze human rights indicators, as well as any changes that may have occurred in terms of risk analysis and the identification of control mechanisms. To date and to the best of its knowledge and belief, SDP has not identified instances of modern slavery, forced or child labour in its supply chain.

The risk assessments are intended to help the SDP partners continue to improve policies and processes and to prioritize SDP's ongoing efforts to prevent and, if necessary, mitigate adverse human rights impacts through business activities.

The SDP partners aim to further identify and mitigate human rights risks by:

- Conducting regular and ad hoc meetings regarding ethics and compliance to assess compliance matters and opportunities for improvement.
- Conducting risk assessments in different compliance areas to identify risks and identify measures to prevent, detect and mitigate them.
- Upgrading procedures for recruitment that require formal, auditable approval procedures, including checks and verification of candidate identities and their right to work in Canada legally.
- Implementing a third-party due diligence process to evaluate key subcontractors and business partners for ethics and compliance.

C. FORCED LABOUR AND CHILD LABOUR RISKS

SDP is committed to combating the use of forced labour and child labour. This commitment is an essential part of our global perspective and a fundamental principle that shapes our daily operations. We expect our business partners, suppliers, contractors, and clients to share our dedication to ethical standards.

We understand that the construction industry is susceptible to the risks of forced labour and child labour. Therefore, we adopt a proactive approach to mitigate these risks. SDP has implemented various policies, processes, and practices (as set out above) to manage and prevent forced labour and child labour risks in

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our supply chain. The foundation of our approach, due diligence efforts, and assurances is the collaboration between specialist functions at SDP or at the partner offices.

Our supply chains may include different participants, such as subcontractors, suppliers, recruitment agencies, and various specialized service providers, depending on the specific needs of the Project. As a general partnership that procures goods and services from Canada and from abroad, we have committed to avoiding purchasing "at-risk" goods and services that may unintentionally contribute to the use of forced labour and child labour. We achieve this through our due diligence processes and by utilizing our template contracts, which include a supplier code of conduct and require adherence to applicable law, which is subject to audit.

D. REMEDIATION MEASURES

SDP has not identified instances of forced or child labour in our activities or supply chain. Therefore, no remediation measures have been taken.

As previously stated, SDP encourages a culture of open communication among our employees, subcontractors, suppliers, partners and third parties to report any potentially unethical or illegal practices, particularly those involving human rights. To facilitate this, the partners of SDP have well-established communication channels where employees, subcontractors, suppliers and third parties can raise their concerns or allegations of misconduct, breach of law, breach of policies or procedures or violations of SDP's code of ethics and business conduct securely, confidentially and anonymously, 24/7, through email or telephone.

E. REMEDIATION OF LOSS OF INCOME

SDP has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

F. TRAINING

SDP is committed to providing comprehensive training to all its employees. As part of our onboarding process, new hires are required to complete mandatory training upon joining the Project. Additionally, all partner employees are assigned annual mandatory training by their partner employers, which includes various courses proposed by different departments, including annual ethics and compliance training and certifications, overseen by partner compliance departments. These yearly mandatory training requirements include training regarding human rights, anti-corruption, competition laws, harassment, diversity and inclusion, cybersecurity, and other topics. This training is intended to, among other things, promote a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and business, including how to recognize it.

G. ASSESSING EFFECTIVENESS

SDP assessment of effectiveness is evidence-based and includes monitoring the achievement of annual objectives, monitoring and analyzing risk analysis and external and internal audit results, monitoring and closeout of corrective action plans, training participation rates, communications engagement, completion

of improvement plans and responsiveness to grievances and monitoring corrective actions which are conducted by our parent companies.

III. STEPS TAKEN IN THE PREVIOUS FINANCIAL YEAR IN ORDER TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

SDP maintains a strong commitment to ethical and legal business practices, and we unequivocally condemn the use of forced labour and child labour, including with respect to our suppliers and subcontractors. SDP holds itself to the highest possible standards and expects all employees, contract workers, officers and directors, subcontractors, suppliers and business partners to conduct themselves with integrity, always adhering to applicable laws, regulations, and rules.

In 2023, the partners of SDP took several actions to enhance our capabilities to identify, mitigate, and prevent the risks of human rights violations, including forced labour and child labour, across our operations and supply chain and to respond effectively to any impacts that may arise. These actions included, but were not limited to:

Policies and procedures

- Continued review/updates to the partner policies that address modern slavery including codes of ethics and business conduct, supplier codes of conduct and other policies that address human rights.
- Incorporating partner policies and procedures regarding modern slavery in subcontracts and supply agreements by reference;
- Providing training to our employees yearly, which includes training in human rights; and
- Reviewing prospective supplier or subcontract screening requirements and other due diligence looking for improvement in respect of modern slavery.

Risk Assessment

The following are examples of risk assessments conducted by the partners of SDP:

- Human Rights Impact Assessment: an assessment of the potential adverse effects on human rights arising from Project activities.
- Criminal Compliance Risk Assessment: a criminal compliance risk assessment and the identification of controls to produce a criminal compliance risk and control matrix, which included the analysis of human rights risks.
- Anti-Corruption Risk Assessment: assessment of bribery and anti-corruption in accordance with the requirements of ISO 37001:2016.

Due Diligence

The following are due diligence examples conducted by the partners of SDP:

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- Third-party due diligence to evaluate potential suppliers, subcontractors and business partners for ethics and compliance including examination of third parties for sanctions, watch lists, adverse litigation, politically-exposed-people (PEP) lists, and adverse print and social media. Additionally, financial due diligence is conducted for key business partners.
- Recruitment and hiring processes and controls are used to ensure that all workers are recruited voluntarily.
- Criminal background checks are conducted for all prospective employees.

Awareness and training

The following are awareness and training examples conducted by the partners of SDP:

- Host or provide access to seminars for their employees related to their respective codes of ethics and business conduct, and human rights.
- Making available a whistleblower access for confidential and anonymous reporting.
- Mandatory annual ethics and compliance training.
- Access to the CCMP/CCMAP designation offered by the World Commerce & Contracting (WCC, formerly IACCM) which includes learning objectives in Corporate Social Responsibility.
- Grievance mechanism where any unethical and illegal behaviour can be reported, including human rights violations.
- Making updates to policies and procedures available to SDP personnel.

Monitoring and Review

- SDP and its partners investigate all reports of non-compliance.
- SDP monitors, reviews and evaluates the effectiveness of compliance to its policies and procedures including through internal and external audits, and annual management reviews.

IV. CONCLUSION

SDP is committed to preventing forced labour or child labour from taking place in our Project and in our supply chain. We will continue to review our policies, procedures, and practices periodically to determine any enhancements we can make to help prevent forced labour or child labour.