

Modern Slavery Report



STRATHCONA
RESOURCES LTD

2023

This report is made jointly by Strathcona Resources Ltd. and its wholly-owned subsidiaries Strathcona Resources Partnership and 1545681 Alberta Inc. (collectively, “Strathcona”, “we”, “our” or “us”), in accordance with Canada’s Fighting Against Forced Labour and Child Labour Supply Chains Act (the “Act”) for the financial year ended December 31, 2023. Strathcona is not required to report under similar legislation in other jurisdictions. Strathcona holds working interests in joint-venture assets that are operated by third-party operators. Information in this report applies only to our operated assets.

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Modern slavery, also described as forced and child labour, is the exploitation of people for personal or commercial gain. Strathcona believes in treating people with care, dignity and respect and opposes exploitive practices at our operations, in our communities and as part of our supply chain.

About Strathcona

Strathcona is a Calgary-based oil and natural gas company engaged in the acquisition, exploration, development and production of petroleum and natural gas reserves and resources across three core areas: Cold Lake Thermal, Lloydminster Heavy Oil and Montney. Strathcona's crude oil and natural gas property interests are principally located in Western Canada, in the provinces of British Columbia, Alberta and Saskatchewan.

At Strathcona, we are value-driven, growth-oriented and long-term focused. We pride ourselves on maintaining a high standard of safety, strong operational and environmental performance, and positive involvement in the communities where we live and work.

People are the key to the success of Strathcona. Every employee, contractor and supplier are essential to our performance and culture.

Strathcona's team surpassed 700 employees in 2023. All employees are based in Canada.

About Our Operations

Montney: The Montney is a world class unconventional resource play developed using advanced technology that combines long reach horizontal wells with water-based fracture stimulation. Our Montney assets are positioned in the Kakwa, Grand Prairie and Groundbirch regions of the basin.

Cold Lake Thermal: Our Cold Lake thermal operations use steam assisted gravity drainage (SAGD) technology. SAGD is widely used to extract bitumen from underground oil deposits. This method involves introducing steam into the subsurface oil sands deposits to heat the bitumen in the sand, allowing it to flow by gravity to horizontal wells placed at the base of the reservoir.

Lloydminster Heavy Oil: Our Lloydminster Heavy Oil assets are located primarily in southwest Saskatchewan and use enhanced oil recovery (EOR) extraction techniques. EOR requires injecting fluids into a hydrocarbon reservoir to tailor pressure, displace hydrocarbons to production wells, or alter reservoir fluids to improve hydrocarbon flow. We also have small-scale thermal operations in Saskatchewan using the same SAGD processes as our Cold Lake Thermal properties.

2023 Progress at a Glance

Strathcona aims to have all aspects of its business and supply chain operate in a manner that demonstrates our respect of human rights. The following steps were taken to prevent and reduce the risk of forced or child labour in our business and supply chain.

Act Requirements	Activities Completed in 2023	Priorities for 2024
Policies and Due Diligence Processes	<ul style="list-style-type: none"> Reviewed organizational policies, standards and procedures to identify improvements that reduce the risk of modern slavery practices in our business and supply chain. 	<ul style="list-style-type: none"> Complete updates to our key supply chain related documents to reflect duty to report and prevent human rights abuses like modern slavery. Enforce updated verbiage in core organizational documents.
Identifying Modern Slavery Risks	<ul style="list-style-type: none"> Performed a supplier assessment to identify higher risk materials used in our operations. Conducted a review of top-spend suppliers potentially providing out of country goods via self-declaration questionnaire. 	<ul style="list-style-type: none"> Express and implement our commitments through updated sourcing standards and contractual terms and conditions. Establish a supplier review cadence.
Managing Modern Slavery Risks	<ul style="list-style-type: none"> Modern slavery risks incorporated into overall risk management framework. Internal working group established to monitor potential risks and escalate concerning trends. External counsel sought to ensure effective application of legislative framework. 	<ul style="list-style-type: none"> Enhance support and oversight from Supply Chain in purchasing decisions. Continue reviewing potential risks and associated trends. Ongoing monitoring of grievance mechanisms.
Remediation Measures	<ul style="list-style-type: none"> Internal escalation process established to address claims of exploitive practices. External issue submission process aligned with Investigation of Complaints Policy. 	<ul style="list-style-type: none"> Updates to Supply Chain Standards to formalize communication and escalation procedures. Training of Supply Chain personnel on due diligence best practices.
Training and Awareness	<ul style="list-style-type: none"> Began the consideration of training needs. 	<ul style="list-style-type: none"> Develop and implement mandatory in-house training for Supply Chain team members. Roll out optional training for other supplier-facing personnel and leaders.
Assessing Effectiveness	<ul style="list-style-type: none"> 2023 creates a baseline for which progress can be measured against. 	<ul style="list-style-type: none"> Monitor supplier compliance with Strathcona-stated contract terms and conditions. Regularly review organizational policies and processes for improvement needs.

Strathcona's Supply Chain

Strathcona's Supply Chain function manages purchases of materials and services on behalf of all operating areas in adherence with our Supply Chain Standard, which guides any supply chain related spending company-wide. Our Supply Chain function supports any sourcing activity exceeding \$1 million, with a limited number of exceptions.

Strathcona Procurement Management Cycle



Strathcona considers many factors in selecting suppliers, including pricing, technical proficiency, safety compliance, local community benefits and ethical supplier practices.

Strathcona is committed to building mutually beneficial long-term relationships with local firms who live and work in regions where we have active operations. We endeavour to maximize spending where local communities benefit.

Strathcona's materials and services are sourced predominantly from North America. In 2023, an estimated 90% of our materials and services were sourced from Canada and the United States with a limited number of global suppliers. Building relationships with suppliers that share our values is important to us.

Our supply chain function includes processes to monitor the provision of services and supplies from vulnerable populations and high-risk sectors and geographies to ensure ethical practices.

Policies and Due Diligence Processes

Strathcona requires the highest standards of professional and ethical conduct from our people, which includes the companies we conduct business with. Strathcona's Board of Directors is responsible for supervising the management of our business, including oversight responsibilities for managing principal risks associated with our operations as well as environmental and social matters.

The Board and management have established certain policies to guide Strathcona in the execution of corporate strategies while maintaining a culture of honesty, integrity and accountability. The following policies contain processes that support creating an ethical supply chain.

Code of Conduct

Overview: The Code of Conduct sets the groundwork for all activities at Strathcona and includes policies on fair dealings and compliance with laws and regulations. The Code of Conduct applies to all directors, officers, employees, contractors, consultants and all other individuals conducting business on behalf of Strathcona. Strathcona's Code of Conduct reinforces Strathcona's commitment to conduct business in a lawful and ethical manner, and any violations of laws or regulations are encouraged to be reported to management.

2 Investigations of Complaints Policy

Overview: The Investigation of Complaints Policy was established to provide an avenue for individuals to anonymously report complaints, concerns or breaches of Strathcona's policies, processes or values. Complaints or concerns can be submitted anonymously and confidentially to a corporate representative, which include members of our Board of Directors, or using Strathcona's Integrity Hotline. All complaints and concerns are thoroughly investigated and status updates are provided to the Board at least quarterly. Due to the unique nature of individual reports, remediation measures may vary depending on the issue and investigation findings.

3 Supply Chain Standard

Overview: The Supply Chain Standard sets out criteria for the selection of suppliers and vendors used in Strathcona's operations. The supplier selection process at Strathcona is a collaborative effort with input from management, internal division, departments and teams, and Supply Chain based on a variety of considerations, including:

- Competitiveness
- Technical capabilities
- Past performance
- Geographic locations
- Workload
- Safety record
- Financial stability
- Environmental record
- Human rights

The Supply Chain Standard applies to all employees and contractors who are engaged in sourcing or procuring materials and services on behalf of Strathcona.

In 2023, we reviewed our policies and standards to determine whether any modifications were required to address modern slavery issues and risks. Subsequently, Strathcona has updated the following Supply Chain documents with additional human rights provisions, specifically related to child and forced labour:

- Supply Chain Standard,
- Supplier Terms and Conditions,
- Master Service Agreements; and,
- Request for Proposal qualifications for potential suppliers.

Identifying Modern Slavery Risks

In 2023, Strathcona performed a supplier assessment that involved identifying the categories of purchases that may carry a higher risk of modern slavery (e.g. potential out of country purchases). We reviewed our top-spend suppliers in this risk category for evidence of unethical practices, such as those equating to modern slavery, in the design, development and delivery of products or services to Strathcona.

Strathcona asked our top-spend suppliers to complete a self-declaration questionnaire, which asked suppliers to:

- outline policies and procedures in place to prevent, reduce and detect any form of child and forced labour,
- discuss training programs and certifications in place,
- discuss contractual terms that prohibit sub-suppliers from engaging in modern slavery practices; and,
- share any incidents, complaints, reports, sanctions or watch listings associated with the company or any of its affiliates.

The assessment process completed in 2023 is a near-term approach employed as we adapt to the new reporting requirements under the Act. As the Act is new, many suppliers are in the early stages of updating their compliance programs or policies and procedures. Accordingly, our review of the risks associated with such suppliers considered this fact as part of our evaluation. Analysis of future reviews and assessments will evaluate a supplier's measures in place designed to address and prevent modern slavery, and any decisions related to procurement will be made in the context of our evaluation that includes consideration of our relevant policies and procedures.



Our 2023 review and survey of top-spend suppliers importing goods to Canada did not identify any reports or activities equating to modern slavery.

Managing Modern Slavery Risks

Modern slavery-related risks are incorporated into Strathcona's overall risk management framework and are assessed comparably to other business risks. Our internal assessment process identifies top risks and areas of focus for the business. Our executive leadership and their team members share the responsibility for managing these risks while exploring opportunities to limit exposure and increase resilience.

Specific to managing risks associated with the prevention of modern slavery and exploitive practices, Strathcona:

- requires quality training for key team members,
- ensures supplier compliance with Strathcona-stated contractual terms and conditions; and,
- regularly reviews organizational policies and processes for improvement.

In 2023, Strathcona established an internal working group composed of representatives from our Supply Chain, Finance, Human Resources, Business Development and Communications teams. We also engaged with external resources in our evaluation of the Act and our overall risk management framework. We will continue to look for opportunities to enhance our management of modern slavery risks.

Remediation Measures

No instances of child or forced labour have been reported or identified in Strathcona's business dealings to date, including through our 2023 supplier review process. As a result, no measures to remediate modern slavery, including the economic impact of remediation measures, have been taken. While we are early in our process development, we do have procedures in place to address modern slavery concerns should they arise.

If exploitive methods are submitted through the Investigation of Complaints Policy, the Board is responsible for the receipt, retention and treatment of complaints and concerns where a breach of Strathcona's policies, processes or values is claimed or suspected. If exploitive methods are uncovered internally, escalation procedures exist to ensure the appropriate parties are notified.

Remediation measures for any identified situation will consider the interests of all affected parties. If demonstrable improvements are not made within a reasonable timeframe, the relationship and contract may be terminated.

100% of Supply Chain team members completed modern slavery awareness training.

Training & Awareness

Strathcona has designed and deployed modern slavery training for those team members responsible for sourcing goods and services that support business operations. This mandatory training includes:

- understanding modern slavery and the Act,
- understanding Strathcona's commitment to preventing modern slavery in our industry and operations,
- recognizing and identifying risks related to modern slavery within our business and supply chain; and,
- reporting and investigating process for modern slavery concerns.

Going forward, optional training will be offered to leaders and other groups who regularly interact with suppliers to promote awareness building and encourage confidence in spotting and reporting questionable practices.

Assessing Effectiveness

We track and assess the effectiveness of our actions to prevent modern slavery in a number of ways, including:

- monitoring our grievance mechanism as outlined in our remediation measures,
- tracking investigations of suspected breaches of Strathcona policies and processes,
- ensuring supplier compliance with Strathcona-stated contract terms and conditions,
- reviewing organizational policies and processes for regular improvement needs; and,
- integrating modern slavery risks into company-wide governance processes to ensure regular review and consideration.

We understand we have a responsibility to assess and report on the risk of modern slavery in our operations and supply chain over the long term.

Approval and Attestation

This report was approved by the Board of Directors of Strathcona Resources Ltd.

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 Strathcona Resources Ltd. and reporting entities.



Rob Morgan

President, CEO & Director, Strathcona Resources Ltd.

May 14, 2024

