

TEINE ENERGY LTD.

Modern Slavery Report 2023

A. Introduction

Canada's new supply chain transparency law (the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**")) came into effect on January 1, 2024. The Act aims at preventing and reducing the risk of forced labour and child labour in supply chains. The Act requires that certain entities submit an annual report (the "**Report**") to the Minister of Public Safety by May 31 of each year detailing the steps taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chain. The Report must also be provided to the reporting entity's shareholders. On December 20, 2023, the Government of Canada published guidance on how an entity can comply with the Act.

This Report is made jointly by Teine Energy Ltd. ("**Teine**"), Teine Heavy Oil Partnership and Teine Oil & Gas Ltd. (collectively, the "**Reporting Entities**"), pursuant to the Act. This Report constitutes our forced labour and child labour reporting statement for the financial year ending December 31, 2023. Where this Report refers to "we", "us" or "our", it is a reference to all the Reporting Entities.

B. Steps taken to prevent and reduce risks of forced labour and child labour

We took the following steps during 2023 to respond to forced labour and child labour risks in our supply chain:

- undertook to comply with the Act and follow the Government of Canada's guidance, consistent with our governance practices, including our Code of Business Conduct and Ethics Policy (the "**Code**") and the principles articulated in our Environmental, Social and Governance Report ("**ESG Report**");
- received presentations concerning the pending implementation of the Act and the scope of its requirements from external advisors;
- engaged external legal counsel to assess the legislative framework and provide advice concerning our reporting obligations under the Act;
- reviewed the reporting guidance published by the Government of Canada on December 20, 2023; and
- ensured we received sign-on to our Code of Business Conduct and Ethics Policy from 100% of our employees and contractors.

C. Structure, Activities and Supply Chains

Teine is a privately-held company in strategic partnership with the Canada Pension Plan Investment Board ("**CPPIB**").

Structure

Teine is a corporation incorporated under the *Canada Business Corporations Act* (the "**CBCA**") with its head office in Calgary, Alberta. Teine is the sole shareholder of Teine Oil & Gas Ltd., which also is incorporated under the CBCA. Teine and Teine Oil & Gas Ltd. are the sole partners of Teine Heavy Oil Partnership, an Alberta general partnership with Teine Energy Ltd. as the managing partner. Teine Heavy Oil Partnership is the entity through which the Corporation's heavy oil properties are owned and operated.

The Board of Directors (the "**Board**") is composed of seven members, six of whom are independent. As Teine's majority shareholder, CPPIB nominates four Board members, one of whom is an employee of CPPIB.

The Board maintains four standing committees: the Audit Committee; the Compensation and Governance Committee; the Reserves Committee; and the Health, Safety and Environment Committee.

Activities

Teine is a Canadian oil and gas exploration, development and production company. As at December 31, 2023, we had 199 employees and 195 contractors, all of whom are in Canada. Our staff largely consists of oil and gas professionals, operators in a variety of upstream, midstream and marketing functions, and administrative staff and professionals in engineering, information technology and other corporate functions.

Teine's properties are in the Provinces of Alberta and Saskatchewan, and are comprised of properties located in the Viking, Bakken, Duvernay and Chauvin formations.

Viking

In southwestern Saskatchewan, we are the Viking's largest producer at approximately 25,900 barrels of oil equivalent per day (boe/d), with thousands of low-risk, repeatable drilling locations identified on our 800,000 net acres of land. This accounts for about one-third of all Viking production.

Our activity in Viking – approximately 3,000 horizontal locations – represents over 15 years of drilling at current activity levels and positions Teine to continue expanding profitability through efficiencies in cost structure, increasing well productivity, and improved reservoir recovery.

Bakken Enhanced Oil Recovery

We operate in the western Saskatchewan portion of the Bakken Formation – just a fraction of the overall formation, which stretches into Manitoba, Montana, and North and South Dakota. With essentially all the asset under enhanced recovery schemes, we currently produce approximately 9,100 boe/d of low decline oil. Our position in the Bakken is a low-viscosity oil ideally suited for water and polymer flooding, providing low-decline production with minimal maintenance capital requirements.

Duvernay

We are strategically positioned in Canada's first shale oil play, in the light oil of the Duvernay. Producing approximately 1,700 boe/d, with a significant inventory on a highly prospective acreage, we see the potential for a multi-generational commitment to this area.

We control over 300,000 acres within the light oil window of the Duvernay formation. Our land is strategically situated between two large energy service hubs with pre-existing egress to the Edmonton refining hub.

Chauvin

We produce approximately 7,400 boe/d of large oil in place, low decline, medium grade oil under an Enhance Oil Recovery scheme ideally suited for water and polymer flooding.

We operate a Central Alberta Midstream and Marketing business with assets consisting of custom treating facilities, truck terminals and a 75 km pipeline that connects Chauvin to the Hardisty hub.

Supply Chains

Our business utilizes a variety of domestic and international suppliers. These suppliers are engaged throughout our supply chain. We strive to build relationships with suppliers who align with our values.

We are committed to working with direct suppliers (Tier 1 Suppliers) and indirect suppliers who operate their business legally, ethically and responsibly. To our knowledge, our Tier 1 Suppliers are domiciled in Canada and the United States. Based on manufacturing labelling requirements, we are aware that certain of our goods supplied by Tier 1 Suppliers domiciled in Canada and the United States are listed as having been manufactured offshore (e.g., protective clothing and equipment). In addition, we appreciate that many of our other Tier 1 Suppliers supply us with products that may originate, in whole or in part, from other jurisdictions and their own respective supply chains. To date, we have not conducted an audit or inquiry of our supply chains to further delineate the direct and indirect sources of our supply chains.

We assess our Tier 1 Suppliers for compliance with our Code of Business Conduct and Ethics Policy and our procurement policy (the "**Procurement Policy**") to assure compliance with applicable laws and regulations, including human rights legislation, and to conduct purchasing and contracting activities in a manner that is ethical and accountable.

D. Policies and Due Diligence Processes

Teine's reputation for honesty and integrity has been earned by maintaining the highest standards of business ethics in all our interactions with our co-workers, governments, local communities, shareholders, customers, suppliers, competitors and the public. Our staff and suppliers play an integral role in ensuring that we carry out all business activities in an ethical and responsible manner.

The following policies guide our commitment to upholding responsible business conduct throughout our operations:

Policy	Overview	Policy in Action
<i>Code of Business Conduct and Ethics Policy</i>	<p>The Code is a guideline to ensure (i) compliance with laws and regulations that govern our business activities, (ii) maintain a corporate climate in which the integrity and dignity of each individual is valued, (iii) foster a standard of conduct that reflects positively on Teine, and (iv) protect Teine from unnecessary exposure to financial loss.</p> <p>Unscrupulous dealings, non-compliance with this policy or law or otherwise dishonest or unethical business practices are forbidden and may result in disciplinary action, including termination of employment.</p>	Each director, officer, employee, consultant, and contractor (including suppliers) receives a copy of the Code and is required to evidence their compliance with the Code annually.
<i>Procurement Policy</i>	The Procurement Policy sets out our commitment to ensure that every individual involved in the purchasing process to conduct purchasing and contracting activities in a manner that is: (i) compliant with this policy and any applicable laws and regulations, (ii) ethical and accountable, (iii)	All employees engaged in the procurement and contracting function are required to familiarize themselves with this policy. The policy outlines the bid process and the requirement to provide the Code to the contracting party. The Code is incorporated into our standard

	environmentally responsible, and (iv) cost effective.	purchase order, requiring our suppliers to comply with the Code and comply with applicable laws and regulations.
<i>Whistle Blower Policy</i>	The Whistle Blower Policy encourages and environment where individuals can confidentially and anonymously report complaints and concerns regarding questionable business practices without fear of reprisal.	An individual who becomes aware of wrongdoing or suspected wrongdoing may file a report through an independent external provider. Any such reports are received and investigated by the Audit Committee of the Board.

Board Oversight

Our Board provides oversight on corporate governance matters to ensure effective stewardship and to foster alignment between our Board, management, shareholders and other stakeholders. Each year the Board ensures that there is 100% acknowledgement and sign-off on the Code. The Board has the highest level of oversight for social issues. As part of their quarterly meetings the Board and/or its committees consider important matters, which include environmental and social topics.

Diligence Process

The following is a summary of the due diligence processes undertaken by Teine related to assessing risks in its supply chain:

- Teine's Procurement Policy requires vetting of Tier 1 Suppliers on a number of factors, ensuring compliance by such suppliers with applicable law, which would include the use of illegal labour in their services;
- Procedures are in place for contracted services and materials to ensure integrity regarding procurement and contracting activities; and
- Standard forms of supply chain contracts used for procurement of goods and services include requirements for supplier compliance with applicable laws, and Teine's policies (including the Code) and various remedies for breaches.

E. Forced Labour and Child Labour Risks

We recognize that all matters that may pose a risk to the business, including forced labour and child labour, must be monitored and addressed, and that these risks can evolve into business risks.

Risk management is the responsibility of the management team, the Board, and various Board committees. Our risk management process includes establishing policies and procedures to identify, assess and manage principal risks of the business. Our management team regularly meets to discuss and assess business risks and updates the Board and/or the applicable committee quarterly on any new risks they have identified. Teine's annual policy document review allow Teine to continually adjust and review its policies and procedures at regular intervals, and adjust such policies and procedures to address evolving risks and requirements.

As our workforce is composed of office workers and skilled oil and gas field workers, all of whom are located in Canada, we consider that there is low risk of forced labour or child labour in our direct operations.

Teine notes the opportunity to acquire additional information concerning the risk of forced labour and child labour in the activities of our Tier 1 Suppliers and their respective supply chains. Given that substantially all of our total Tier 1 Supplier expenditures in 2023 was with Tier 1 Suppliers in Canada and the United States, we consider the overall risk of modern slavery being present in our Tier 1 Suppliers to be low. However, we appreciate that some of our Tier 1 Suppliers are located in other jurisdictions, and many of our Tier 1 Suppliers supply us with products that originate from other jurisdictions, each with their own respective supply chains, and additional efforts are required to assess and understand this risk.

F. Remediation Measures

In 2023, we did not identify any instances of forced labour or child labour in our activities or supply chain. Therefore, we did not undertake any measures to remediate any forced or child labour.

Our Whistle Blower Policy and procedures is an anonymous way for our staff and stakeholders to share their concerns about how we conduct our operations, including any concerns that Teine or its staff or suppliers are not complying with applicable law or policies.

G. Remediation of Loss of Income

As we did not identify any instances of forced labour or child in our activities or supply chains in 2023, we have not taken any measures to prevent or reduce any loss of income to vulnerable families because of efforts to prevent or reduce the risk of forced labour or child labour.

H. Training

Currently, Teine has not implemented any formal training for its personnel specifically in respect of forced labour or child labour. Each director, officer, employee, consultant, and contractor (including suppliers) receives a copy of the Code and is required to evidence their compliance with the Code annually. Individuals responsible for procurement activities also receive and are required to comply with our Procurement Policy.

I. Assessing Effectiveness


Currently, Teine has not implemented any formal program for assessing the effectiveness of its policies or practices. However, we are committed to developing policies and procedures to address modern slavery and create a robust diligence process for all suppliers and contractors.

Preventing and addressing modern slavery risks in our operations and supply chains is an ongoing process. Teine is committed to conducting its business in a manner that respects and adheres to human rights, including by prohibiting modern slavery and human trafficking. We expect all Board members, officers, staff and suppliers to adhere to these principles. Teine will continue to act ethically and with integrity in our operations.

J. 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 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 Teine Energy Ltd.

Per: 
Jason Denney
President and Chief Executive Officer
April 4, 2024