

Trans Mountain

Fighting Against Forced
Labour and Child Labour in
Supply Chains Report 2024



TRANSMOUNTAIN



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1. Introduction

This joint report constitutes Trans Mountain Corporation and certain of its subsidiaries (“Trans Mountain” or “TMC” or the “Company” or “we” or “our”) first Modern Slavery Report prepared under the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Act”). It covers the Company’s recently completed financial year ending December 31, 2023 (“Reporting Period”).

The report covers Trans Mountain Corporation and each of the following subsidiaries which also meet the reporting criteria set out in the Act: Trans Mountain Pipeline ULC, Trans Mountain Pipeline Limited Partnership, Trans Mountain Pipeline (Puget Sound) LLC and Trans Mountain Canada Inc.

The Report outlines the steps Trans Mountain and its above-mentioned subsidiaries have taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of the production, import, selling, and distribution of goods in Canada or elsewhere by the entity or by the Company.

2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour

Trans Mountain is committed to addressing and combatting all risks of forced labour and child labour and to upholding internationally recognized human rights as reflected in the United Nations Universal Declaration of Human Rights. Trans Mountain believes that ethical business practices are fundamental to long-term sustainability and ensures that all agents on behalf of Trans Mountain uphold and respect human rights.

Since the inception of the Act, Trans Mountain has taken the following steps to begin the journey of mitigating and reducing the risk of forced labour or child labour within our operations and supply chains:

- Initiated the process of establishing a governance framework and structure to identify risk areas related to forced labour and child labour in our supply chain. We have established a cross-functional oversight group (“Working Group”), which will focus on further developing a strategy and roadmap to address and counter child and forced labour within our procurement practices.
- Initiated a review of existing internal policies and procedures to assess gaps and ensure compliance with the requirements of the Act (*Code of Business Conduct & Ethics, Whistleblower Policy, Supplier Code of Conduct, Supply Chain Management Procedure, and Procurement Policy*).
- Initiated a risk mapping of our Tier 1 suppliers and to begin gathering information on those suppliers to understand and identify any risks associated with our supply chain, if any.

We are embarking on an extensive journey to understand, and address forced labour and child labour in our business. We plan to build upon the groundwork undertaken in the first Reporting Period, emphasizing practical and cooperative strategies using the outcomes of a gap analysis that will be performed outside of the Reporting Period to inform the creation of our plan to combat forced labour and child labour in our supply chains.

Beyond the Reporting Period, we will further establish a strategy to refine our forced labour and child labour risk management detection and prevention procedures on a mid-to-long-term basis. Our Working Group will collaborate with management to develop an action plan and a modern slavery risk mitigation roadmap.

This will include actions we seek to accomplish over time for enhancing our approaches to modern slavery governance risk management, supply chain management, due diligence, and training. This may involve:

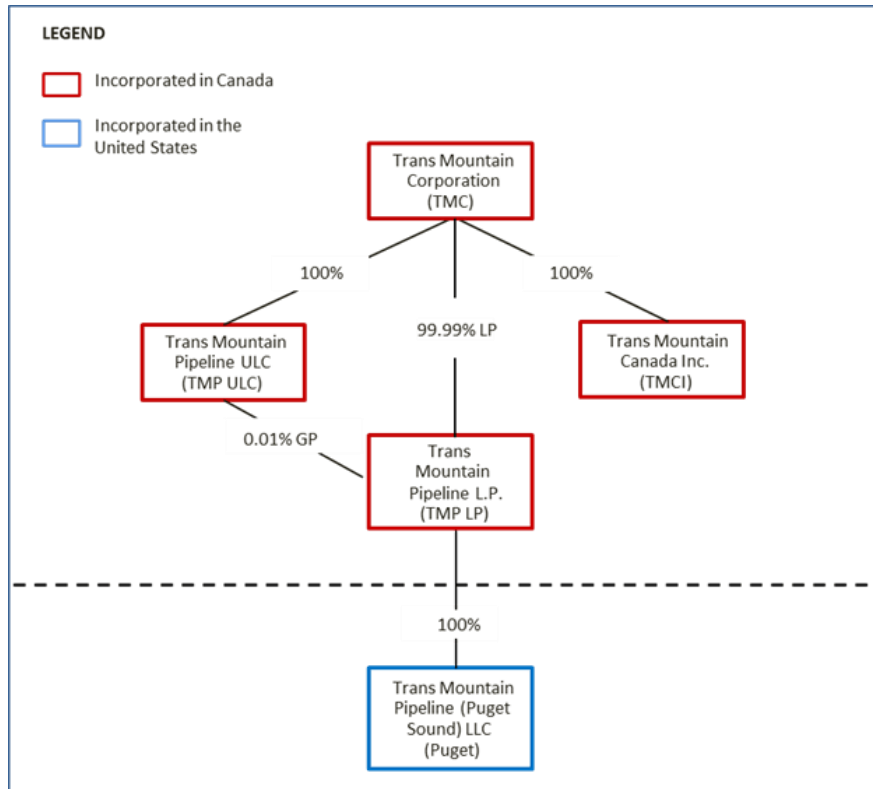
- Evaluating the efficacy of an advisory team to oversee the procurement function regarding modern slavery risks (forced labour and child labour).
- Further establishing a governance structure to ensure responsibility and accountability for modern slavery risk management and the implementation of commitments, with overall responsibility assigned to management and/or a member of the executive team.
- Articulating a commitment to address forced labour and child labour risks.
- Integrating considerations of human rights into the Supplier Code of Conduct and revising other relevant policies as needed to address supply chain risks.
- Conducting a risk assessment to identify areas within our operations and supply chains that carry a risk of forced labour and child labour.
- Establishing a remediation plan to outline how we will respond to any allegations of forced labour and child labour.
- Additional education in conjunction with our Ethics hotline.

Trans Mountain has adopted policies and procedures which set out our commitment to conducting business ethically and responsibly. Trans Mountain believes that acting according to our core values of Safety, Integrity, Respect, and Excellence is the best way to conduct our business and ensures that all agents on behalf of Trans Mountain maintain the highest standards of ethical conduct.

3. Our Structure, Activities and Supply Chains

3.1 Structure

Trans Mountain Corporation is a Federal Crown corporation, a legal status that signifies ownership and control by the Canadian government. It operates under the legal classification of a corporation. The primary role of Trans Mountain is to own and operate the Trans Mountain Pipeline System, which consists of the Trans Mountain pipeline (“TMPL”), the Puget Sound pipeline (“Puget Pipeline”). It conducts operations through four entities: Trans Mountain Pipeline ULC, Trans Mountain Pipeline Limited Partnership (“TMP LP”), Trans Mountain Pipeline (Puget Sound) LLC (“Puget”), a wholly owned subsidiary of TMP LP, and Trans Mountain Canada Inc. These organizations have a role in owning and operating different parts of the Trans Mountain Pipeline System, both in Canada and the United States (Puget Pipeline).



Our headquarters are located in Calgary, Alberta, with regional offices along the pipeline system in Alberta, British Columbia, and Washington state. On December 31, 2023, Trans Mountain had 663 full-time employees and 784 contractors located at its Calgary office, and in various field locations.

3.2 Activities

Trans Mountain's primary activity involves the transportation of crude oil and refined petroleum products through its Trans Mountain Pipeline System.

The Trans Mountain Pipeline System encompasses the transportation of petroleum both in western Canada and the United States, specifically in the Puget Sound region of the United States. The pipeline serves several sales points along its route, including refineries, terminals, and marketing terminals which convert the oil into various products.

Trans Mountain conducts operations through four entities: Trans Mountain Pipeline ULC, Trans Mountain Pipeline Limited Partnership, Trans Mountain Pipeline (Puget Sound) LLC, and Trans Mountain Canada Inc. These entities play a key role in owning and operating different sections of the Trans Mountain Pipeline System.

Trans Mountain Pipeline ULC ("TMP ULC"):

TMP ULC is the General Partner of TMP LP and holder of the certificates issued for the operations of the TMPL. As General Partner of TMP LP, TMP ULC may enter into contracts for the benefit of TMP LP, including contracts for procurement of goods, services, and materials.

Trans Mountain Pipeline Limited Partnership (“TMP LP”)

In addition to the ongoing operation of TMPL, TMP LP holds certain rights, designs, and construction contracts related to the expansion of the Trans Mountain Expansion project (TMEP). TMEP completes the expansion of the existing pipeline system from Edmonton, Alberta to Burnaby, British Columbia. It will create a pipeline system with nominal capacity of 890,000 barrels-per-day (“bpd”) an increase from the 300,000-bpd existing capacity.

Shippers have signed contracts for transportation service on the expanded TMPL and have made 15 and 20-year commitments that total roughly 80 per cent of the planned capacity on the expanded pipeline. These shippers represent or are affiliates of some of the largest producing, marketing, and refining companies in the Western Canada Sedimentary Basin and have direct access to large volumes of crude oil and refined products from their business operations.

Trans Mountain Pipeline (Puget Sound) LLC (“Puget”)

Puget owns the Puget Pipeline, which interconnects with the TMPL at the international border near Sumas, British Columbia, and transports crude oil to refineries in Washington State. Puget is also a common carrier pipeline and is regulated by the Federal Energy Regulatory Commission (FERC) for financial matters, and by the United States Department of Transportation (USDOT) for the safety and integrity of its assets. Procurement of goods and services is generally limited to ongoing maintenance and capital investment to support the ongoing operations of Puget Pipeline.

Puget Pipeline is approximately 111 kilometres long. One pump station and two tanks with total capacity of approximately 200,000 barrels facilitate movements on the system. The system has total throughput capacity of approximately 240,000 bpd when transporting primarily light oil.

Trans Mountain Canada Inc. (“TMCI”)

TMCI is the entity that employs Trans Mountain personnel and delivers services for ongoing operations and sustaining capital projects for the TMPL through a shared service model. TMCI may procure goods and services to support the ongoing operations of the pipeline.

3.3 Supply Chains

Trans Mountain procures with over 400 direct suppliers to source goods and services. Trans Mountain procures from a range of industries, with a majority of our suppliers operating in industries such as oil and gas, pipeline construction, maintenance manufacturing, hardware, and equipment. The majority of our direct suppliers are located in Canada and the United States. Trans Mountain is in the process of conducting a supply chain mapping for Tier 1 suppliers in 2024 which includes understanding and mapping products provided by suppliers, supplier location and operation, location of goods procurement, spend value, and a description of products purchased. The information obtained through this supply chain mapping activity will be the initial step in helping us identify forced labour and child labour risks within our organization.

We are considering mapping our supply chain beyond Tier 1 suppliers for medium and high-risk suppliers in future planning once we have completed our mapping of Tier 1 suppliers in 2024.

Trans Mountain aims to provide a more complete overview of our supply chains, including the source countries or regions of origin of each of the goods used at each stage of the supply chain in future Reporting Periods.

4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

At present we have a Code of Business Conduct and Ethics (“Code”) demonstrating our commitment to responsible business conduct. The Code is publicly available and approved by our Board of Directors. In addition, Trans Mountain has a Supplier Code of Conduct signed off by our Chief Executive Officer which requires suppliers to maintain the highest standards of corporate ethics and integrity. Additionally, Trans Mountain has a Whistleblower Policy which includes a process for reporting wrongdoing at the Company.

We plan to establish and apply policies and procedures that will combat the risk of forced labour and child labour within our operations and supply chains. This will require updating the Code of Business Conduct and Ethics, as well as the Supplier Code of Conduct, to address risks associated with forced labour and child labour, liaising with stakeholders, and incorporating forced labour and child labour considerations into all aspects of our business activities.

4.1 Code of Business Conduct and Ethics

Trans Mountain’s Code of Business Conduct and Ethics outlines how our values translate into everyday behaviour, establishes high standards of ethical conduct, and keeps us working toward a common goal: to be a company driven by its values. The Code also incorporates Company policies and the laws and regulations we must adhere to. The Code applies to Trans Mountain Corporation, its controlled subsidiaries, and each entity they manage, operate or control from time-to-time, as well as their officers and employees. We require our consultants, contractors, suppliers, vendors, and business partners to adhere to the standards of conduct consistent with our Code when conducting Company-related business activities.

Under the Code, all internal and external persons are obligated to report any concerns or suspected violations of the Code in a timely manner. The Code ensures that there will be no retaliation for a good faith report of a concern or issue.

Suppliers, their employees, or their sub-suppliers must report any fraudulent financial reporting, misappropriation of assets, corruption and other fraud-related malfeasance, illegal activity, fiscal waste or abuse, or other suspected violations of the Code by any party. Reports can be made to their supervisor, their employer’s management, or to Trans Mountain directly via the third-party Ethics Hotline.

The Company will promptly initiate an investigation into any reported allegation or suspicion of a violation of the Code, Company Policy, or a law or regulation, including instances of forced labour or child labour. If a complaint is received, the assessment of evidence provided is undertaken within two weeks of its receipt. If the investigation finds a violation, the Company will take appropriate action, which would be overseen by Trans Mountain management and/or the Ethics Committee before undergoing a corrective and preventative actions process.

For the next Reporting Period, we will have incorporated a commitment to protecting human rights principles and combatting forced labour and child labour within Trans Mountain’s operations and supply chains into our Code of Business Conduct and Ethics.

4.2 Supplier Code of Conduct

Trans Mountain also has a Supplier Code of Conduct which applies to every supplier, contractor, vendor, consultant, and their respective employees (“Suppliers”) who provides work, goods, or services to Trans Mountain. We also require Suppliers to acknowledge the Supplier Code of Conduct as a condition of

engagement and to conduct business in full compliance with all laws, rules, and regulations applicable to the conduct of Trans Mountain business. Suppliers are expected to take all reasonable measures to ensure they respect, uphold, and communicate the Supplier Code of Conduct across their entire business enterprise and within their own supply chain.

The Supplier Code of Conduct also includes our policy on Fair Pay which mandates that Suppliers must comply with all relevant laws, including those relating to minimum wage, overtime hours, and legally mandated benefits. Where no law exists, workers must be paid at least the minimum local industry's standard. For the next Reporting Period, we will incorporate combatting modern slavery risks in future revisions of the Supplier Code of Conduct.

4.3 Whistleblower Policy

Trans Mountain has a Whistleblower Policy embedded into its Code of Business Conduct and Ethics which provides information on how to report wrongdoing at the Company, including non-compliance with the Code, Company policy, or a law or regulation. We will add forced labour and child labour matters to our education program.

A Report may be provided directly to a Trans Mountain representative, verbally, or in written form, electronically or otherwise. A Report may also be submitted anonymously to any Trans Mountain representative or by anonymous submission through:

- The Ethics Hotline: +1 (844) 725-1314
- Web Intake Site: transmountain.ethicspoint.com

The Ethics Hotline and Web Intake Site are administered by NAVEX Global, our independent third-party service provider.

Suppliers are required to take all whistleblower reports seriously.

5. Forced Labour and Child Labour Risks

Trans Mountain is committed to performing a risk assessment over our operational and supply chain activities in future Reporting Periods. To deepen our understanding of our inherent forced labour and child labour risks, we are in the process of engaging an independent third-party outside of the Reporting Period to undertake a risks assessment of our operational activity and a subset of our supplier base. As part of the inherent risk assessment, we plan to work with a third-party to map our operational activities and supplier sample to Global Industry Category Standard (GICS) sub-industries and identify the country of origin for each supplier based on available procurement data. The independent third-party will support Trans Mountain in identifying the inherent risk rating for each supplier and will combine suppliers' geographic risk, industry risk, and an industry controversy score to provide an inherent risk rating. As an inherent risk assessment, the results do not account for any specific due diligence or governance controls put in place by Trans Mountain or specific suppliers to mitigate their specific forced labour or child labour risks. Trans Mountain plans to report on the outcomes of the supplier risk assessment in the following Reporting Period.

In 2024, we also plan to include due diligence as it pertains to forced labour and child labour when selecting and onboarding new suppliers and will establish an internal group or committee with responsibility for overseeing the identification, monitoring, and remediation of forced labour and child labour risks.

6. Measures Taken to Remediate Forced Labour or Child Labour

At this time, Trans Mountain has not identified instances of forced labour or child labour in its activities or supply chains. As such, no remediation measures have been undertaken to date.

Our Whistleblower policy includes information on our Ethics Hotline, which provides a platform for directors, officers, employees, contractors, or consultants of Trans Mountain to report anonymous complaints via phone or electronically through the Web Intake Site. This Ethics Hotline serves as a mechanism to raise any concerns, including those related to forced labour or child labour. In the event of non-compliance, Trans Mountain is committed developing and implementing a corrective plan to improve and remedy the situation.

Once a supply chain risk assessment has been completed, Trans Mountain aims to develop remediation measures (should an instance of forced labour or child labour occur). We will continue to improve our approach to remediation and provide an update on our process in future Reporting Periods.

7. Remediating the Loss of Income to the Most Vulnerable Families

Trans Mountain recognizes that efforts to prevent and reduce the risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for the most vulnerable families. At present, Trans Mountain is not aware of any need to take measures to remediate the loss of income to the most vulnerable families.

8. Training Provided to Employees on Forced Labour and Child Labour

Trans Mountain does not currently provide specific training to employees on the risks associated with forced labour and child labour within our business activities. However, all Trans Mountain personnel must complete annual awareness training on our Code of Business Conduct and Ethics. The training module provides an overview of the Code, reviews key areas in plain language, and ends with a knowledge evaluation to ensure accountabilities are understood. One hundred per cent of our employees completed ethics training in 2023. While the training does not, at this time, include specific content regarding forced and child labour risks, in 2024 we intend to develop a training program for the relevant business units on modern slavery, or human rights more broadly, which will be implemented in future Reporting Periods. The training process will be similar to our Code of Conduct training, whereby compliance will be mandatory for business units requiring training.

9. Assessing Our Effectiveness

Trans Mountain has not yet implemented a system to evaluate how effective our efforts are in mitigating the risks of forced labour and child labour. We are aware of our responsibility in identifying and reporting these risks within our operations and supply chain. Our aim is to continuously improve our capacity to measure the effectiveness of our future efforts and to disclose this in future Reporting Periods.

10. Attestation Statement

“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 Period listed above.”

"signed"

Robert Van Wallegem
Chief Legal Officer and EVP Indigenous Affairs

May 30, 2024