

# LOYAL ENERGY (CANADA) OPERATING LTD.

## Fighting Against Forced Labour and Child labour

### In Supply Chains Act

### 2024 Annual Report

#### 1. Introduction

This report is provided in relation to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") and related guidance from Public Safety Canada, for the reporting period of January 1, 2024, to December 31, 2024. The Report outlines the steps Loyal Energy (Canada) Operating Ltd. has taken for the reporting period to prevent and detect modern slavery within its activities and supply chain.

**Modern slavery** – which includes servitude, forced labour and human trafficking – is a crime and a serious violation of human rights. It is contrary to our company's values and our respect for the people who are part of, and contribute to, Loyal Energy (Canada) Operating Ltd ("Loyal Energy" or "Loyal"). As our company grows, and our insight into modern slavery risk deepens, Loyal is working to adapt and strengthen our existing due diligence.

#### 2. Structure, business

Loyal Energy is a privately held oil and gas exploration and production (E&P) company operating in Alberta, Canada.

#### 3. Supply chain

Loyal is committed to managing and operating in a safe efficient and environmentally responsible manner in association with our industry partners. Loyal also is committed to continually improve our performance.

Loyal has suppliers which include businesses that supply goods and services to our organisation, including to our offices and to the sites Loyal Energy owns or operates in Alberta. This includes sites where Loyal is the operator of a Joint Venture (JV).

In total, Loyal Energy procure goods and services from more than 100 suppliers. The suppliers Loyal engages include businesses that provide services, such as engineering, drilling services, maintenance and construction.

The nature of investment in oil and gas means that Loyal Energy jointly owns some assets as a partner in joint venture with third parties. Where Loyal is the designated operator for the joint venture, Loyal Energy will have a greater influence over the conduct and management of the joint venture operations, including the protection of labour rights and prevention of modern slavery.

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#### **4. 2024 Steps Taken**

Loyal took the following steps in 2024 to help reduce the risk of forced labour and child labour within our supply chain:

- Review the impact of the effectiveness of the actions put in place in 2023
- Will continue to implemented supplier code of conduct to ensure they align with Loyal's policy
- Will continue to improve training opportunities for all staff and consultants

#### **5. Loyal Policies**

Loyal Energy makes every effort, to make sure our suppliers, have the same stance to prevent our activities from having a negative impact on human rights. If they do occur, Loyal Energy will take steps to remedy the situation. Loyal Energy expects suppliers to hold their own sub contractors or suppliers to the same standards. These commitments apply to all Loyal Energy employees, contract staff and business partners, including joint ventures where Loyal Energy is the designated operator. Where Loyal Energy does not have operational control, best efforts are made to influence the adoption of equivalent practices and high standards of integrity prior to, and during, the operation of the joint venture. Loyal has set out our expectation that everyone working within our operations, whether directly in our business, or for suppliers, or in joint ventures, has the right to work without being subject to abusive or inhumane practices. Loyal has set out human rights requirements that Loyal is committed to embedding in our processes and procedures.

Relevant policies in place in include:

##### **Code of Conduct**

- 1) Anti-Bullying, Harassment and Discrimination
- 2) Health and Safety Management System
- 3) Illicit Payment
- 4) Vendor Code of Conduct

Whistleblowing Reporting Procedure

#### **6. Due diligence**

In our business, Loyal Energy engage regularly with our employees by having inhouse team learning and training sessions and open discussions with regards to the Labour Rights and Modern Slavery Standards. Loyal will continuing to promote (both to staff and suppliers) reporting of issues of concern through the whistleblowing reporting tool.

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Loyal is focused on ensuring that we provide a workplace free from bullying, harassment, discrimination and unfair conduct

**Reporting:** continue to promote a 'speak-up' culture so no one hesitates to report concerns.

**Training and awareness-raising:** Raise awareness of modern slavery across the workforce and train key functions on modern slavery prevention.

**Supplier support:** Communicate to our suppliers about Modern Slavery

### **7. Assessing and Managing Loyal's Risk**

Under our Board's guidance our management team has had the responsibility for ensuring that Loyal Energy has a programme in place for mitigating the risk of modern slavery in our business and supply chains. Key functions and roles within our business, including human resources and operations are responsible for the implementation of our standards in our own operations, as Loyal is managing the contracts Loyal Energy have with our suppliers.

**Our business relationships** Loyal considers our greatest risk for modern slavery is from our business partners, suppliers and contractors where we depend on their standards to align with ours. Loyal is working on updating our MSA to make sure our standards and expectations are clear and are included within this agreement

### **8. Remediation of Forced or Child labour**

In 2024 Loyal did not identify and any instances of forced labour or child labour in our operations or supply chain. As a result, we have not had to take any measures to remediate any forced labour or child labour. Our corporation polices (Code of Conduct and Whistleblower Policy) provides for effective reporting of any actual or potential breach.

### **9. Training**

Loyal Energy will work with our suppliers so they understand what Loyal expects in their code of Conduct with regards to the Modern Slavery Act, which will include Loyal Energy's stance towards labour conditions and human rights abuses.

Loyal Energy will also continue to raise awareness of how the personnel of suppliers and business partners can raise concerns, using the whistleblowing reporting tool, so that Loyal Energy can encourage them to speak up if they have a concern about unethical behaviour.

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#### **10. Assessing Loyal's Effectiveness**

Loyal continues to assess our internal roadmap to prevent and reduce the risk of forced labour or child labour in our business. Loyal continued commitment to the highest standard of professional and ethical conduct reinforces the low risk of forced or child labour in our operations and supply chains. Loyal will continue to act with honesty and integrity.

#### **11. Approval**

This Report was approved pursuant to the subparagraph 11(4)(a) of the Act by Loyal's Board of Directors.

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

Approved by the Board of Directors

May 21, 2025



Signed by Director/CEO

Jianjun Cui

"I have the authority to bind Loyal Energy"