

BACKWOODS ENERGY SERVICES GP

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS REPORT

FOR THE YEAR ENDED DECEMBER 2023

About Us

Backwoods Energy Services GP Inc ("Backwoods" or the "Company") is rooted in the United Nations (UN) Universal Declaration of Human Rights, and they adhere to the UN Guiding Principles on Business and Human Rights. The Company unequivocally prohibits all forms of forced labor and child labor—collectively referred to as Modern Slavery—across the entirety of business activities, including their supply chain, vendors, and partners.

Backwoods has prepared this Fighting Against Forced Labour and Child Labour in Supply Chains Report (the "Report") in accordance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9 (the "Act") for the financial year ended December 31, 2023 (the "Reporting Period").

Note all entities listed below are not subject to reporting requirements under supply chain legislation in any other jurisdictions.

Legal Name of Reporting Entity	Country Headquartered	Province/State Headquartered
Backwoods Energy Services Limited Partnership	Canada	Alberta
Backwoods Matting Services Limited Partnership	Canada	Alberta
Backwoods Security Services Limited Partnership	Canada	Alberta
Backwoods Security Services Ltd.	Canada	Alberta
Backwoods Development GP Inc.	Canada	Alberta

Backwoods' registered office and primary place of business is located at #200, 1603 91 St. SW, Edmonton, AB, T6X 0W8. For further details, please visit our website <https://www.backwoodsenergy.ca>, or contact via email info@backwoodsenergy.ca.

Strategies for Mitigating Forced Labour & Child Labour in 2023

Backwoods' supply chain serves as the link connecting the Company to its preferred vendors, service providers, distributors, and consultants, facilitating the delivery of essential services to its members. It is imperative that all stakeholders—directors, officers, employees, service providers, suppliers, and contractors—adhere meticulously to relevant laws, including those of Canada and its provinces. Compliance encompasses strict adherence to laws prohibiting child labor, forced labor, human trafficking, and slavery, along with adherence to legislation concerning human rights, labor rights, freedom of association, collective bargaining, and working hours.

In 2023, Backwoods took proactive measures to identify and mitigate risks associated with forced and child labor across its operations and supply chains, aligning with obligations outlined in the Act.

Backwoods' Senior Management demonstrates a steadfast commitment to evaluating the implications of the Canadian Act on the Company. They actively engage in external training sessions to deepen their understanding and enlist the expertise of external advisors to guide compliance efforts.

It is acknowledged that the risk of forced and child labor in Backwoods' supply chains varies based on the nature and scope of activities conducted. Existing policies, procedures, and practices are designed to ensure that labor employed by suppliers is voluntary, provides fair wages, is non-exploitative, and that facilities where workers are present comply with health and safety standards. Vigilance is maintained in assessing and monitoring these risks, with continual efforts to enhance processes and fortify protections against such risks.

Supply Chain

The supply chain of Backwoods is characterized by collaboration with a network of more than 1600 suppliers, each playing a crucial role in bolstering the company's operational endeavors and supporting its stakeholders. Remarkably, close to 100% of these suppliers are based in Canada, underscoring Backwoods' commitment to local sourcing, with a minority originating from the United States.

These suppliers provide a diverse array of goods and services essential to Backwoods' operations, including but not limited to maintenance, repair, and operations (MRO) parts, materials, and services pertinent to the construction, mining, and energy sectors. Additionally, a portion of the suppliers contribute forest products sourced from local producers, alongside textiles in the form of personal protective equipment (PPE).

Backwoods implements an approval process for all new vendors, meticulously designed to assess, oversee, and approve eligible suppliers. This meticulous approach ensures unwavering adherence to the Company's standards of compliance, quality, and safety across the entire spectrum of products and services, thus fostering consistency and reliability.

To ensure alignment with both business objectives and regulatory mandates, the Company continuously monitors and evaluates the performance and compliance of suppliers. Upon onboarding a new supplier, a risk assessment methodology is employed to effectively manage and mitigate potential risks. Moving forward, the Company intends to enhance the onboarding review process by incorporating a questionnaire addressing human rights and labor conditions, further strengthening a commitment to ethical sourcing practices.

Policies & Mandates

At Backwoods, the commitment to compliance with relevant laws, regulations and industry standards is unwavering. Employees and service providers are held to the highest standards of integrity, honesty and ethical conduct in all their responsibilities within the business environment.

Every individual associated with Backwoods, including directors, officers, employees, service providers, suppliers, and contractors, is mandated to strictly adhere to applicable laws, including those of Canada and its provinces. These laws prohibit practices such as child labor, forced labor, human trafficking, and slavery. Additionally, adherence to laws concerning human rights, labor rights, freedom of association, collective bargaining and working hours is paramount.

Code of Conduct and Ethics (the Code) is the foundation of our company policies and sets out guiding principles on professional conduct and establishes that in performing their job duties, Backwoods employees should always act lawfully, ethically and in the best interests of Backwoods. Backwoods is committed to enhancing governance practices, exemplified by the introduction of new policies such as the Supplier Code of Conduct. Oversight of adherence to the Code will be managed by the Board, with Senior Management providing regular reports to the Governance Board committee to facilitate monitoring and compliance.

During the Reporting Period, Backwoods also performed ongoing internal assessments of risks related to the Act which involved the following:

- Formation of an internal working group comprised of management representatives and a third party consultant. This group was tasked with assessing the implications of the Act on our organization.
- Participation in internal workshops to deepen our understanding of the Act's objectives and compliance requirements. Additionally, we sought guidance from external advisors to tailor our approach for responding to the Act's framework.
- Evaluation and gap analysis of existing policies and mandates to identify areas for improvement and alignment with the Act.

Due Diligence

Backwoods is dedicated to ensuring that their supply chain reflects corporate values and complies with all relevant laws and regulations. They maintain rigorous due diligence practices to uphold the highest standards of ethical conduct and legal compliance throughout the procurement processes.

Furthermore, supplier onboarding procedures involve thorough assessments of the suppliers and their respective jurisdictions of business. This approach helps guarantee that potential suppliers meet Company compliance standards and align with organizational values.

Risk Assessment

Backwoods recognizes the pivotal role of effective risk management in driving operational success. To this end, they have implemented an enterprise risk management process overseen by the Board of Directors, encompassing financial, economic and supply chain risks.

In the supplier review process, the Company prioritizes assessment of operational jurisdictions, with a notable 100% of suppliers operating under Canadian laws, including compliance with the Canadian Human Rights Act. Categorizing suppliers based on the goods or services they provide; Backwoods conducts thorough evaluations to identify potential risks of forced labor or child labor within their supply chains. While immediate risks have not been identified within the direct supply chain, the Company acknowledges the potential risks that may exist with tier two suppliers and beyond, with whom interactions are indirect.

Moreover, the workforce, comprising both head office and field employees, as well as contractors, is subject to Canadian employment law, which serves to mitigate risks of forced labor or child labor.

To sustain proactive risk management efforts, the Board remains vigilant in addressing threats posed by Forced Labour and Child Labour, particularly within supply chains. The Company is unwavering in a commitment to continuous assessment, monitoring and process enhancement to effectively safeguard against these risks.

Education & Training

Backwoods is dedicated to enhancing its onboarding process by incorporating comprehensive training on Company policies, including the Code and corporate values. This initiative reflects Backwoods' unwavering commitment to honesty, integrity, and accountability. The Code emphasizes the crucial role of each employee's cooperation and dedication to ensure sustained success in maintaining Backwoods' reputation as a responsible corporate citizen.

In adherence to the Code's principles, all directors, officers, employees, and consultants are required to undergo onboarding sessions wherein they must read and affirm their understanding and dedication to its tenets. Individuals uncertain about whether an action or working condition contravenes Company policies are encouraged to seek guidance from leadership or the Human Resources department.

At Backwoods, fostering an environment of open and transparent communication is paramount. They actively encourage all stakeholders to report any instances of policy violations or breaches of standards, without fear of retaliation. This commitment underscores a dedication to upholding Company values and ensuring ethical conduct throughout the organization.

Assessment

Following an examination of the supply chain, Backwoods has determined that the risk of Forced Labour and Child Labour within the operations is minimal. Their suppliers primarily operate within Canada and are not classified as high-risk entities and are mandated to adhere to Canadian laws and regulations.

While the overall risk level is assessed as low, Backwoods acknowledges the imperative of establishing robust management systems to proactively mitigate the risk of Forced Labour and Child Labour within the supply chain. At the time of this Report, Backwoods had not been made aware of any current or recent incidents of Modern Slavery associated with their supply chains or business operations.

Next Steps

Continuously preventing and addressing Modern Slavery risks within the operations and supply chains remains an ongoing priority for Backwoods, necessitating sustained vigilance and evaluation. To further enhance efforts in the coming year, Backwoods plans to implement the following measures:

1. Review and refine policies and mandates pertaining to forced labor and child labor to identify opportunities for improvement and enhancement.
2. Strengthen supplier prequalification and onboarding processes to bolster controls and procedures.
3. Engage with suppliers to emphasize Backwoods' unwavering commitment to ensure Modern Slavery is eradicated from their supply chains, fostering a shared understanding of collective responsibility in this regard.
4. Develop and deliver regular, comprehensive employee training sessions to raise awareness and understanding of all facets of slavery, compulsory labor, forced labor, human trafficking, and child labor.

Through meticulous monitoring of the effectiveness of Modern Slavery risk management practices, Backwoods aims to reaffirm their dedication to ethical business operations and risk mitigation throughout their supply chain.

Approval and Attestation

In accordance with the requirements of the Canadian Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report. 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 Canadian Act, for 2023.

I have the authority to bind Backwoods Energy Services GP and the Reporting Entities.

(signed) "Harvey Sheydwasser"
Chairman, Backwoods Energy Services GP
May 31st, 2024