



Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023 Report

May 31, 2024

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT 2023 REPORT

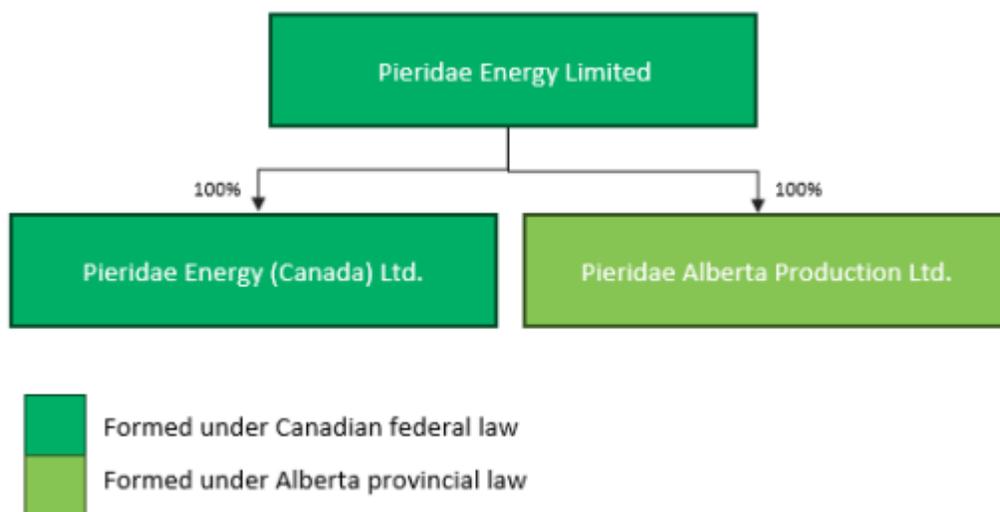
1. INTRODUCTION

The Fighting Against Forced Labour And Child Labour In Supply Chains Act 2023 Report (“Report” or “Anti-Slavery Report”) is produced as a joint report by Pieridae Energy Limited and Pieridae Alberta Production Ltd. (collectively, “Pieridae” or the “Company” or “our” or “we”) pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c9* (the “Act”) for the financial year ending December 31, 2023 (the “Reporting Period”), and constitutes the first report published by the Company pursuant to the Act. It aims to communicate our commitment to reducing the risk of forced labour or child labour occurring within Pieridae’s supply chains or business. This Report highlights actions taken by Pieridae and lays out the actions that are underway in order to comply with the Act.

2. STRUCTURE, ACTIVITIES / OPERATIONS, AND SUPPLY CHAINS

Pieridae is a Canadian integrated energy exploration, production and midstream transportation and processing company headquartered in Calgary, Alberta. Through a number of corporate and asset acquisitions, we have grown from inception to managing a significant upstream and midstream portfolio concentrated in the Canadian Foothills, producing conventional natural gas, natural gas liquids, condensate and sulphur.

Exhibit 1 – Corporate Structure



Pieridae Energy Limited is formed under the *Canada Business Corporations Act* and its common shares are listed on the Toronto Stock Exchange. Pieridae Alberta Production Ltd. is formed under the *Business*

Corporations Act of Alberta and is a wholly owned subsidiary of Pieridae Energy Limited, with operations in Alberta and British Columbia (“BC”). It is the primary operating entity for the Company.

Pieridae employs 309 people, broken down as follows:

	Permanent Employees	Temporary Employees	Independent Contractors	Total
Full Time	262	3	31	296
Part Time	0	2	0	2
Casual/Intermittent	0	0	11	11
Total	262	5	42	309

Work Location	Employees	Independent Contractors	Totals
Calgary Head Office Based	64	11	75
Alberta Site Based	201	22	223
British Columbia Site Based	2	9	11
Totals	267	42	309

Employee Status	
Union Employees	131
Non-Union Employees	136

Pieridae procures goods and services from approximately 800 vendors (tier 1). Forty five percent of the annual expenditure on goods and services is with a single provider of electrical power. Of the remaining 55% of annual expenditure, the ratio of goods to services is 30:70 respectively. Almost all of Pieridae’s approximately 500 service providers are companies local to various Pieridae operating locations in rural Alberta and BC, employing local workers. Categories of services include outsourced labour, drilling & completion services, professional services (legal, audit, etc.), hauling services, IT services, road & lease maintenance, waste & disposal, safety services, downhole services, office rent, and insurance. Similarly, almost all the approximately 300 goods suppliers are local. Categories of goods include chemicals, pipes, valves, & fittings (“PVF”), general supply, IT hardware, rotating equipment, rentals, electrical & instrumentation, fuel, and lubricants. Many of the goods suppliers are resellers who buy through a multitude of supply chains, including from outside of Canada.

A framework for supply chain management (“SCM”) functions is largely in place, with a transformation to a centralized model nearly complete. The SCM team serves the entire organization, performing functions related to procurement, sourcing, contracts management, and materials management in accordance with Pieridae’s written SCM Guidelines, Protocols, and Policies. Pieridae’s statement of procurement policy stipulates that when staff are charged with acquiring goods and services on behalf of the Company, they must conduct themselves in an ethical manner and follow all Company policies as well as the Code of Ethical Conduct.

3. POLICIES AND DUE DILIGENCE PROCESS

Pieridae’s policies, including its Code of Ethical Conduct, provide that the Company and its employees are to maintain the highest standards of ethical business conduct, and comply with all applicable laws, rules, and regulations. Each activity must pass public scrutiny. Policies are reviewed regularly between management and the Company’s board of directors (the “Board”). Further, the Code of Ethical Conduct is reviewed and acknowledged annually by the Board, management, and all employees.

Protocols are in place related to staffing as well as engagement of independent contractors and vendors. These protocols include formal documentation evidencing approvals from various departments in accordance with Pieridae’s Delegation of Authority Policy, administration of the engagements through the correct departments (i.e. Human Resources, Legal and/or SCM), filing and record keeping, background checks, and contract documentation as required.

Internal stakeholders are consulted during the due diligence process as required. Stakeholder departments that may be engaged include Operations, Engineering, Human Resources, Environmental, Social and Governance (“ESG”), Legal, Land and Community Relations, and/or SCM.

4. IDENTIFYING FORCED LABOUR AND CHILD LABOUR RISKS IN OUR BUSINESS OPERATIONS AND SUPPLY CHAINS

No risks related to forced labour or child labour have been identified within Pieridae’s operations or supply chains at this time.

All of our employees are based in Canada and have a written contract that conforms with applicable laws and regulations. None of our workers is under the age of 18. Therefore, we consider that there is a low risk of modern slavery in our direct operations.

In terms of our supply chains, the vast majority of our suppliers of goods and services are based in Canada. Accordingly, we consider the risk of modern slavery in the first tier of our supply chain to be low. Additional work is required to better understand the risks of modern slavery in our supply chains.

5. ACTIONS TO ASSESS AND MANAGE FORCED LABOUR AND CHILD LABOUR RISKS

This section summarizes certain steps which have been taken to build upon existing practices and measures and also points out the areas that have been identified for further work.

5.1. ESG Report

Human rights were listed in Pieridae’s 2023 ESG report as one of our Top Material Priorities (“TMP”). In our corporate policies, the Company recognizes that every person possesses basic human rights. Pieridae recognizes the requirement to take further steps by embedding language into our policies and establishing additional protocols that specifically address our position related to child or forced labour.

5.2. Supply Chain Management Practices

Currently, Pieridae uses a pre-qualification process to ensure potential suppliers meet the Company's basic requirements prior to being onboarded for supply of services and/or materials. To help assess and manage child and forced labour risks, the Company will be building into the pre-qualification process additional information requests and checks. Items currently being considered include but are not limited to:

- Flagging the location of where the supplier is headquartered or if it owns or is affiliated with manufacturing sites that are located in regions of the world that are known to be high risk for use of child or forced labour;
- Incorporation of the corruption perception index as a tool to identify high risk regions; and,
- Addition of questions designed to specifically uncover any potential risks related to child and forced labour.

5.3. Contract Management

A Modern Slavery, Human Rights and Supply Chain Risks supplier questionnaire was issued to the Company's suppliers who constitute the top 75% of corporate spend for goods and services. The questionnaire was designed to:

- Be a preliminary step toward identifying high level risks in this portion of Pieridae's supply chain;
- Demonstrate to our most important suppliers the level of priority this is for Pieridae; and,
- Determine what level of priority this is for those suppliers, understand what they are doing currently, and compare this to our own practices.

A review of Pieridae supplier contract templates was initiated and is near completion. This review will include the addition of language which addresses Pieridae's expectations related to reducing risks of child and forced labour throughout the supply chain. Ensuring consistent wording on these topics throughout all of Pieridae's contract templates will assist to ensure consistent approach and significance of these matters across the supply chain.

5.4. Annual Code of Conduct Review and Acknowledgement

The code of conduct is reviewed and acknowledged on an annual basis.

5.5. Reporting Line (Whistle Blower Line)

Consistent with the Company's commitment to maintaining the highest standards of ethics, a Whistle Blower Policy is in place which outlines how complaints are handled for all types of legal and ethical breaches, including those that contravene the Company's policies and its Code of Ethical Conduct.

5.6. Other Actions That are Underway

The following additional measures related to our commitment around child and forced labour were initiated during 2023 and are being actively advanced:

- Regular review of corporate policies, including our Code of Ethical Conduct;
- Drafting a written supplier code of conduct; and,
- Initiation of an internal training protocol.

6. REMEDIATION MEASURES

As there have not been any identified cases of forced labour or child labour in our business to date, there are no remediation measures to describe. If any such case arises within our business, Pieridae will take reasonable, corrective action to remedy the situation.

7. TRAINING

Pieridae is committed to being a great place to work. As such, voluntary training and learning sessions are conducted regularly to increase corporate knowledge around diversity and inclusion, unconscious bias and other social issues. During the Reporting Period, personnel in the SCM, ESG, Legal and Finance departments began accumulating knowledge about Canada's Anti-Slavery legislation and engaging senior management to educate them on the Company's legal requirements. Sources of learning included external legal counsel and consultants, as well as vendors and industry contacts. Subsequent to December 31, 2023, but prior to the date of submission of this Report, informal training commenced in order to raise awareness among staff about the measures that are underway as noted in section 5.6. Furthermore, a formal presentation was held to inform and educate the Board on the Company's requirements under the Act and the specific reporting obligations.

8. ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Although Pieridae has a number of processes, practices and protocols that support reducing or preventing child or forced labour from occurring within our business, our processes have not yet matured to the point where we can properly assess the effectiveness of those activities. However, we intend to do this when the time is right.

9. APPROVAL AND ATTESTATION

This Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the board of directors of Pieridae Energy Limited.

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 ended December 31, 2023. I have the authority to bind the Company.

By order of the Board of Directors of Pieridae Energy Limited.

/s/: signed "Darcy Reding"

Darcy Reding
President, Chief Executive Officer, and
Director of Pieridae Energy Limited
Date: May 31, 2024