

Fighting Against Forced Labour and Child Labour in Supply Chains Act **Due Diligence Report**

Canlin Energy Corporation

Financial Reporting Year:

January 1, 2024, to December 31, 2024

Issued by:

Chief Executive Officer

Subsidiary Reporting Entities Included in Report:

Canlin Resources Partnership

Introduction

This report relates to the financial year ending 31 December 2024, describing Canlin Energy Corporation's ("Canlin", "we", and "our") approach to assessing and addressing risks related to the presence of forced labour and child labour within our business operations and supply chains. Canlin is publishing this report on behalf of itself and its wholly owned subsidiary, Canlin Resources Partnership, in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act").

About Canlin and our Supply Chain

Canlin is a Canadian oil and gas producer with a head office in Calgary, Alberta. Canlin was incorporated in the province of British Columbia and is registered to conduct oil and gas operations in the provinces of Alberta, British Columbia, and Saskatchewan.

Canlin operates solely in Canada and sells natural gas, Natural Gas Liquids ("NGLs"), and crude oil in Canada. Canlin employs approximately 260 people and contracts with approximately 1,400 vendors. These include contractors, suppliers, and service providers, many of whom have extended supply chains.

Canlin recognizes the potential risk for labour rights violations in our industry and associated supply chains, and we are focusing our efforts on mitigating those risks.

As a company Canlin is focused on identifying areas of our supply chains that are at risk of being exposed to situations involving forced and/or child labour as per the Act.

Canlin's Operations & Workforce

Operations

As a diversified oil and gas operator, Canlin produces natural gas, crude oil, condensate, certain NGLs and sulphur. Canlin's operations include upstream oil and gas exploration and production, marketing and pipeline transportation, hydrocarbon recovery, oil processing, stabilization, water disposal, inlet separation, sweet and sour gas processing, NGL fractionation, storage, acid gas injection, compression, sulphur handling, and truck and rail car loading.

For more information, read about our operations at canlinenergy.com.

Workforce

The key to our operations is our talented team of office and field employees. Our corporate head office is located in Calgary, Alberta and our field operations are located in Alberta and British Columbia.

Canlin's recruitment practices prioritize ethical recruitment to ensure fairness and transparency throughout the hiring process. Canlin adheres to equal opportunity principles and is committed to finding the best candidate for the position. We are committed to fostering a workplace environment that values integrity, equality, and respect for all candidates. We publicly post our open positions, utilizing various platforms to market our positions to the public. All candidates are encouraged to apply, and where successful, are provided with an offer letter. Any candidate extended an offer letter has the choice to accept or decline, and no individual is forced to work for us.

All candidates are subject to reference checks and are confirmed to be of legal working age. All new employees are required to review and acknowledge Canlin’s Code of Conduct.

Canlin’s Supply Chains

Supply Chains

Canlin’s Vendor Base

Canlin’s Supply Chain Management team manages approximately 1,400 vendors providing goods and services to our operations. Our Supply Chain Management team strives to develop and strengthen relationships with our diversified portfolio of vendors who are a key part of our commitment to conducting our business responsibly. The vast majority of Canlin’s vendor base either operate out of Canada or have principal locations in Canada.

In joint venture operations where Canlin is not the operator, we expect our operators to have processes and procedures in place for mitigating the risk of forced and/or child labour within their supply chains. These operators have a duty to Canlin as a partner, to ensure that they are in full compliance with all laws and regulations applicable to the safe and responsible operation of oil and gas assets.

During 2024, Canlin did not directly import any goods into Canada. Canlin purchases the vast majority of its goods from local Canadian distributors or manufacturers whose supply chains may extend to importing certain goods and raw materials. Canlin purchases goods from vendors in a niche range of industries, focused primarily on services within the oil & gas industry. These categories include but are not limited to:

Tier 1 Vendors <i>Vendors Canlin directly contracts with.</i>	Examples include: Drilling & Well Services, Reservoir Evaluation & Production Enhancement, Equipment Supply, Engineering, Procurement, & Construction (EPC), Pipeline & Midstream Services, Digital & Data Analytics Services.
Tier 2 Vendors <i>Vendors that Tier 1 vendors contract with.</i>	Examples include: materials suppliers and distributors, and sub-contractors to Tier 1 Vendors.
Tier 3 Vendors <i>Vendors that Tier 2 vendors contract with.</i>	Examples include: raw materials suppliers and distributors.

Each of these vendor categories utilize their own supply chains, and Canlin recognizes the inherent risk present within the web of a supply chain that spans many nations and industries. This risk is addressed through our commitment to ensure all our vendors are compliant with our Vendor Human Rights Code of Conduct (“**Vendor Code**”) and by monitoring our 3rd party platform questionnaire results.

Diligence of Vendors

Our vendors are required at all times to provide safe working conditions, treat their workers with dignity and respect, act in an ethical manner and with integrity, and be in full compliance with all applicable laws and regulations.

If, at any point in our working relationship with a vendor, we are notified of a breach of the Vendor Code, Canlin will investigate and pending the outcome may terminate its working relationship with that vendor.

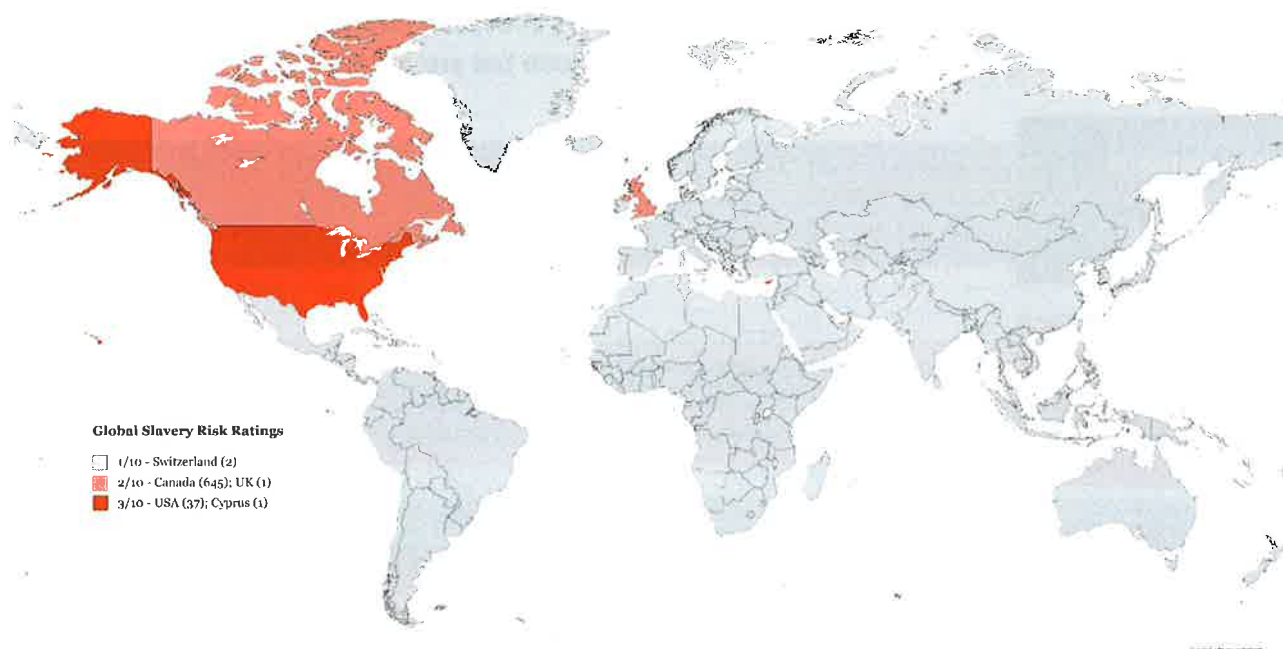
Supply Chain Risk Mapping

Canlin's Vendor Risk Ratings

The "heat map" below indicates the prevalence of, and risk level for, modern slavery in the countries in which Canlin's vendors have their headquarters. The risk rankings were taken from www.walkfree.org, an organization founded to eradicate forms of modern slavery and forced labour.

- [Map Data Source](#)

Vendor Locations



As a Canadian oil and gas producer operating solely in Canada, the vast majority of Canlin's vendor base are in the low-risk countries of Canada (94%), and the United States (5%).

Identified Risk

Canlin recognizes that it may do business with vendors whose respective supply chains may extend into moderate or high-risk countries, elevating the potential for links to forced labour or child labour. At the time of this report, our mapping exercise only extends to the vendor directly at point of sale and having a current Master Services Agreement with Canlin.

Risk Mitigation

As the majority of Canlin's vendors operate out of low-risk countries, our approach going forward is to continue to be cognizant of the location of the primary supply chains of new and current vendors and, as mentioned in other sections of this report, require all current and future vendors to sign off on Canlin's Vendor Code. This will allow Canlin to implement an initial level of risk mitigation into our contractual agreements as it pertains to the use of forced and/or child labour.

Vendor Due Diligence

Questionnaire

In 2024, Canlin continued to utilize our 2023 vendor risk assessment process as it relates to the use of forced and/or child labour within our supply chains. The questionnaire consists of high-level responses (yes/no/not applicable/not answered) requested from all vendors connected to Canlin through the platform. The questionnaire consisted of 150 questions relating to environment, social, and governance. The social section included 35 human rights related questions. The vendors' responses to these questions are tracked through the platform and reported to Canlin's Supply Chain Management Team. As a part of the onboarding process, all new vendors are required to sign off on Canlin's Vendor Human Rights Code of Conduct policy.

Based on the questionnaire results, Canlin has not identified any specific concerns regarding the use of forced or child labour among our vendor base. The results of the 2024 questionnaire showed that, compared to the previous year's questionnaire results, there has been a 20% increase in the number of vendors that have established a human rights policy. Additionally, there was a 21% increase in vendors reporting a process for conducting human rights impact assessments compared to the 2023 questionnaire results.

Master Services Agreement

Canlin's supply chain contracts require all vendors to adhere to Canlin's Code of Conduct and all associated Policies and Procedures. Vendors are required to comply with all applicable laws and regulations and agree to provide and maintain safe and healthy working conditions for all their employees, contractors, and subcontractors. Where vendors are found to be in material breach of any of the terms of the Master Service Agreement ("**MSA**"), Canlin has the right to terminate the MSA.

Policy and Procedure

Our Policies Related to Human Rights in our Supply Chain

Canlin is committed to respecting workers' rights in all our operations and associated supply chains. This includes ensuring that abusive or inhumane practices, such as child labour, forced labour, trafficking, slavery or servitude, discrimination, or harassment, are not present in our or any of our partners' or vendors' operations. Canlin's Vendor Code clearly states our commitment to this goal.

The Vendor Code was rolled out through our third-party safety platform. Through this platform all contractors, vendors, and suppliers were required to read, acknowledge, and warrant that they will uphold the same ethical standards that Canlin does.



Read our Vendor Human Rights Code of Conduct at canlinenergy.com

Code of Conduct Policy

Canlin is committed to respecting workers' rights, in line with the *International Labour Organization Core Conventions on Rights at Work* and the *Universal Declaration of Human Rights*. Canlin has clauses within its Code of Conduct in support of these initiatives. These clauses highlight Canlin's commitment to promoting respect for human rights through our compliance with the *Universal Declaration of Human Rights* and the core conventions of the *International Labor Organization*. Canlin is committed to ensuring that our vendors and contractors also acknowledge and agree to operate at the same high standard as Canlin with respect to human rights.

Methods of Reporting

Internal Reporting

Canlin encourages internal reporting as it allows for a more prompt and efficient problem-solving process and/or investigation. Areas of concern can be identified and addressed quickly and in a safe and respectful team environment. Employees are encouraged to always speak with their direct supervisor, human resources, or VP Legal should they observe something of concern.

External Reporting

For external third parties, including contractors, vendors, suppliers and business partners, they are encouraged to speak to their primary Canlin contact. Concerns will then be escalated to the appropriate Canlin business group where required.

Confidential Third-Party Hotline

Canlin has a third-party service which provides all employees and third parties with access to a 24/7 confidential hotline. Employees are encouraged to call this hotline if they have experienced or witnessed unsafe or inappropriate behavior in the workplace and feel that they are unable to report the incident internally due to unsuitable or ineffective channels. Canlin embraced the hotline service to provide a culture that is free from unsafe work practices and inappropriate behavior, which includes, but is not limited to harassment, bullying, discrimination, violence and human rights offences. Canlin had no reports to its third-party hotline in 2024. In the event that a call to the hotline is made, Canlin's Human Resources group has an internal investigation procedure

which would be triggered upon notification from the third-party hotline provider. Within that procedure, operational-level grievance mechanisms are stipulated. The Company engages in interviewing the stakeholders concerned to collect all available information, and where necessary, takes disciplinary actions in accordance with applicable laws.



In 2024 Canlin had zero calls into the hotline.

Remediation Measures Taken

The Company has had no calls into the third-party hotline, nor any internal reports submitted relating to modern slavery. As a result, no remediation measures have been required to be taken by Canlin.

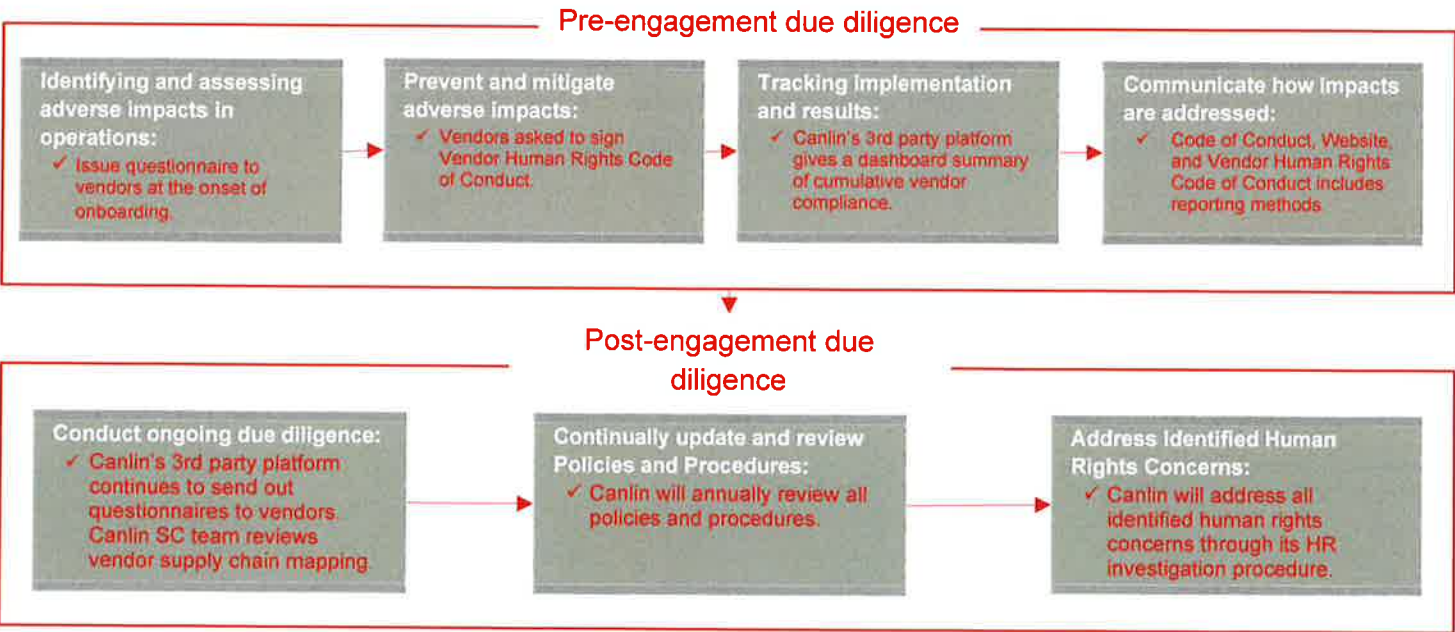
Training and Awareness

People play a key role in mitigating the risk of human rights breaches within our business and supply chains. In early 2024, Canlin’s leadership addressed Canlin’s commitments to human rights in our townhall. This information was delivered to head office employees in person and field staff remotely.

Canlin continues to require annual review and sign off of its Code of Conduct, which includes provisions for modern slavery, by all employees and company personnel. In addition, Canlin’s head office supply chain team continues to remain engaged in ongoing efforts to monitor, update, and enhance their understanding of the potential risks associated with modern slavery within our supply chains.

Vendor Onboarding Process Overview

Below is a diagram of Canlin’s onboarding process for vendors:



Tracking Progress

Canlin is committed to strengthening our ability to identify, prevent and remediate the risk of forced and/or child labour in our supply chains. Canlin will continue to pursue the following initiatives:

Topic	Action	Purpose
Vendor Human Rights Code of Conduct	Continue to increase % of vendors signing the Vendor Code.	To ensure Vendors are aware of the standards required by Canlin.
Supply Chain Mapping	Continue to examine vendor locations as our vendor base changes.	To evaluate vendor operating locations to determine risks of modern slavery.
Training	Develop an in-house training program for identified Canlin personnel whose roles involve working with vendors.	To educate Canlin personnel on identifying risk factors, the importance of vendor selection, reporting channels etc.

Based on our review of our existing policies and procedures implemented in the previous reporting year, we believe that our operational risk of modern slavery is low. Our employees and contractors are primarily oil and gas professionals, operators and administrative workers located in Canada. Accordingly, we are satisfied that because of transparent recruitment, and compliance measures throughout our operations, there is an extremely low risk that any of our employees or contractors are at risk of modern slavery.

Looking Forward

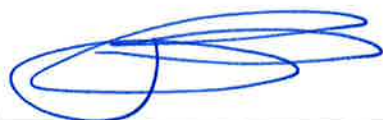
Canlin remains committed to monitoring and evaluating our supply chain in an effort to prevent and address modern slavery risks in our operations. We will continue to expect all employees, vendors, and contractors working on our behalf to adhere to principles and policies respecting human rights and act with integrity during business dealings. We also remain committed to increasing the number of Vendors that have signed off on our Vendor Code.

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, and for the reporting year listed above.

Dean Bernhard

Chief Executive Officer and Director of Canlin Energy Corporation
May 28, 2025



I have the authority to bind Canlin Energy Corporation.