



# SINOPEC



## **SINOPEC CANADA ENERGY LTD. MODERN SLAVERY REPORT 2024**

## Introduction

Modern slavery is a severe form of exploitation of individuals for the purpose of personal or commercial gain and is prohibited under Article 4 of the United Nations Declaration of Human Rights. Slavery is not always as obvious as shackles and chains, although that does still occur, but instead it is often hidden from view where vulnerable people are being exploited through coercion, deception, and threats.

Sinopec Canada recognizes that modern slavery is a severe violation of human rights that is rooted in poverty, discrimination and lack of social protection, and it disrupts fair competition between businesses. Sinopec Canada acknowledges its responsibility in ensuring that its activities, and its supply chains, uphold the highest ethical standards. This includes the prevention and detection of forced labor and child labor within our supply chains. This report sets out the steps we have taken to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada that are used by Sinopec Canada or of goods imported into Canada by third parties supplying Sinopec Canada. This report will be published annually to provide an update regarding our efforts to protect human rights and reduce the risk that forced labour or child labour is being used in our supply chains.

This report is made on behalf of Sinopec Canada Energy Ltd. (“Sinopec Canada” or the “Company”) and covers the financial year ended December 31, 2024. This report constitutes the second report prepared by Sinopec Canada pursuant to Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”).

## Steps Taken to Address Forced and Child Labour Risk

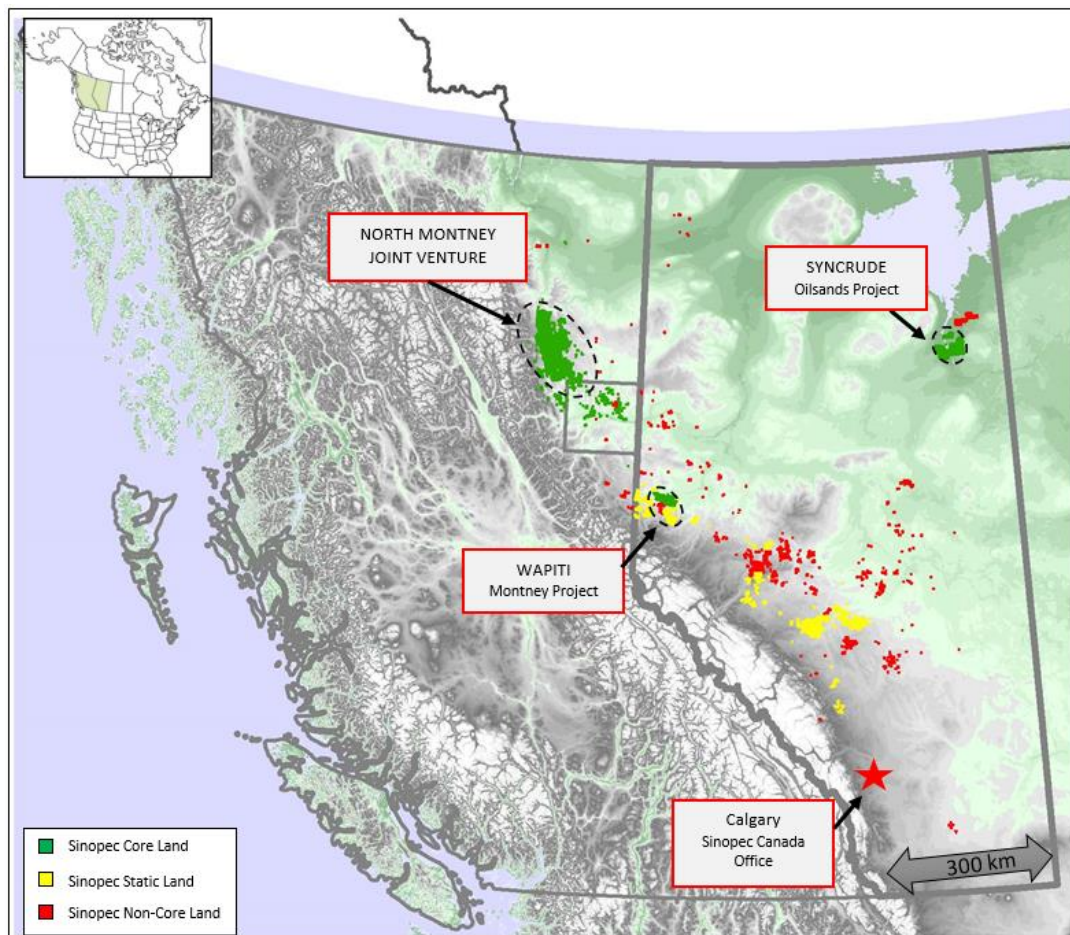
As a Canadian oil and gas company, we acknowledge our duty to safeguard against forced labor or child labor at every stage of goods production, both domestically and internationally, whether undertaken directly by our organization or within our supply chains.

In general terms, Sinopec Canada took the following steps to address the risk of forced labour or child labour in its business and supply chains.

- Evaluated the sufficiency of its governance and policies in respect of forced and child labour;
- Analyzed the risk of forced and child labour in its operations;
- Analyzed the risk of forced and child labour in our supply chains;
- Reviewed its due diligence requirements for suppliers;
- Implemented amendments to our Code of Business Conduct and Ethics to explicitly address forced and child labour;
- Recognized the benefit of specific training in respect of the risk of forced and child labor and began the development of that training; and
- Developed an additional onboarding questionnaire to specifically address forced and child labour.

Further details of these actions are described in this report.

## Our Structure, Activities and Supply Chains



### Activities and Structure

Sinopec Canada is a diversified oil and natural gas company with its head office in Calgary, Alberta, made up of three business units.

**Operated:** (formerly, Sinopec Daylight) Sinopec Canada's operated assets are Montney focused, with core assets in the Wapiti area south of Grande Prairie. Wapiti lands include 137,000 acres of Montney rights in the over-pressured, liquids rich window. In addition, Sinopec Canada's operated assets include oil weighted assets in the Pembina area with production from the Nisku, Rock Creek, Ellerslie, Cardium, and Belly River formations; and West Central gas weighted assets with production from the Bluesky, Wilrich, Falher, Nikanassin, and Cardium formations. Current production is approximately 25,000 boepd net.

**North Montney Joint Venture:** Sinopec Canada holds a 10% interest in the Montney mega-project in northeast British Columbia. Operated by PETRONAS Energy Canada Ltd., Sinopec participates in annual development programs and works with Petronas and fellow partners Indoil Montney Ltd. and BE Montney Holdings Limited. With current production at 8,500 boepd net, the North Montney joint venture is the largest natural gas reserves owner in Canada with approximately 800,000 acres of largely contiguous Montney mineral rights and more than 15,000 identified drilling locations.

**Syncrude:** Sinopec Canada holds a 9.03% working interest in the Syncrude Oilsands joint venture. A key cashflow generator for Sinopec Canada, Syncrude provides an ideal complement to Sinopec's portfolio with the

production of 30,000 bbl/d net Syncrude synthetic crude from its facilities in Fort McMurray. Syncrude operations involve surface mining oil sand, extracting the raw oil known as bitumen from the sand using water-based processes, and upgrading that bitumen into a high quality, light sweet crude oil through fluid coking, hydroprocessing, hydrotreating and reblending.

Sinopec Canada is a subsidiary of Sinopec International Energy Investment (HK) Holdings Limited (SIEI) and is owned by China Petrochemical Corporation (Sinopec Group), one of the world's largest enterprises. Sinopec Group is a major state-owned energy and chemicals company in China, headquartered in Chaoyang District, Beijing. Sinopec's business includes international and domestic oil and gas exploration, production, refining, storage, and transportation, as well as construction and installation of petroleum projects and downstream services and sale of petrochemical products. Sinopec Group is the largest oil and petrochemical products supplier and the second largest oil and gas producer in China, the largest refining company and the third largest chemical company in the world. Its total number of gas stations ranks the second place in the world. Sinopec Group ranked sixth on the 2023 Fortune Global 500 list.

## Supply Chains

Our supply chain encompasses a network of vendors, suppliers, contractors, and subcontractors that provide the goods and services necessary to support our business. From these vendors we procure a wide range of goods and services typical for the exploration and production business.

In total, we procure goods and services from over 2,000 suppliers and contractors. Sinopec Canada strives to work with suppliers, agents, consultants, and other third parties and business partners, as well as their respective employees, directors, and officers who share our commitment to social, ethical, and environmental responsibility. Approximately 95% of the suppliers we engage are local and are subject to the laws of Canada and Alberta and adhere to regulations in Canada for oil and gas production which are among the highest standards in the world.

## Our Policies

Sinopec's Board of Directors and Management team are committed to the highest standards of corporate governance. We employ a variety of policies, programs and practices to manage corporate governance, which are regularly reviewed to ensure their appropriateness for a corporation of Sinopec's size and structure.

Furthermore, Sinopec has several key governance policies which facilitate and ensure an ethical and honest business environment, and compliance with applicable laws, rules and regulations.

## Code of Conduct

Sinopec Canada is committed to maintaining the highest standards of honesty and accountability and recognizes that each of our employees, officers, directors, service providers and consultants has an important role to play in achieving this goal. Sinopec Canada's reputation is dependent upon the integrity and sense of responsibility of its employees. Sinopec Canada is committed to conducting all of its affairs with honesty, integrity and fairness and expects the same from all of its business partners. The Corporation will not take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other dishonest or unfair practices.

In keeping with this commitment to a culture of honesty, integrity and accountability, Sinopec Canada has implemented the Code of Business Conduct and Ethics which outlines the basic principles and policies with which all employees are expected to comply.

Among other things, the Code of Business Conduct and Ethics addresses conflicts of interest; privacy; compliance with laws, rules and regulations; compliance with competition and anti-trust laws; compliance with environmental laws; discrimination, harassment and violence; health, safety, and the environment; and honest



and accurate corporate records and reporting. In keeping with our Whistleblower Policy, the Code of Business Conduct also prohibits any retaliatory action against an employee who reports a possible violation of the policy.

Given the broad focus of the Code of Business Conduct and Ethics on the necessity of ethical conduct in all aspects of our business, the Code implicitly prohibited forced and child labour, like any other unethical conduct. Nonetheless, in light of the heightened focus on the issues of forced labour and child labour created by Bill 211 we considered it appropriate to amend the code to specifically address these issues. Accordingly, in 2023 the Code of Business Conduct and Ethics was amended to include a specific recognition of human rights and an explicit condemnation of forced labor, modern forms of slavery, human trafficking, and child labor, and all its forms.

Compliance with the Code of Business Conduct and Ethics is certified by each employee, officer and consultant at the commencement of their employment and annually thereafter.

## Health, Safety and Environment

The Health, Safety and Environment Policy sets out Sinopec Canada's commitment to health, safety and the environment matters and provides guidance on how these commitments will be applied and carried out. Sinopec Canada is committed to conducting all activities in a manner that ensures the health and safety of its employees, the public and its stakeholders, while also maintaining the quality of the environment for future generations. In this regard, Sinopec Canada and its management and employees will act with the responsibility, accountability and leadership needed to fulfill the Company's business goals and the expectations of its many stakeholders.

Sinopec Canada is committed to integrating the following objectives throughout its operations:

- Promoting consultation with the public, government agencies and all stakeholders regarding its operations and being responsive to any concerns raised.
- Demonstrating strong, visible and active leadership with respect to the management of the Company's HSE performance.
- Protecting the physical and psychological wellbeing of employees and contractors.
- Ensuring the Company and its employees meet or exceed all regulatory requirements.
- Ensuring that effective emergency response measures and capabilities are in place to respond to all unforeseen events.
- Encouraging innovative thinking and active leadership for the continual improvement of the Company's HSE performance.
- Maintaining a commitment to the reporting of incidents and investigations to facilitate improvement and prevent recurrence.

## Procurement Management Policy

The Company's Procurement Management Policy governs the acquisition of goods and services for the Company's business. The Company's Procurement Management Policy requires that both the Company and all vendors fully comply with all relevant and applicable Company policies and procedures, including the Company's health, safety and environmental standards and applicable laws and regulations in Canada, as well as all international regulations and international commerce standards. Furthermore, the Company's Procurement Policy provides that the Company will not do business with vendors who are known or believed to engage in unethical business practices.

## Whistleblower

Sinopec Canada has also adopted a Whistleblower Policy and Procedure which provides an opportunity for employees, service providers and third parties to report any perceived violations or concerns on a confidential and (if desired) anonymous basis directly to the Chair of the Corporate Governance Committee, an "independent" director within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance*

*Practices* ("NI 58-101"). In addition, the whistleblower policy prohibits any retaliation against a person who makes a complaint in good faith.

Copies of the Code, the Whistleblower Policy and Sinopec's other corporate governance policies are available on our website under "Responsibility – Corporate Governance" at [www.sinopeccanada.com](http://www.sinopeccanada.com).

## The Risk of Forced and Child Labour in Our Business

At Sinopec, we are dedicated to maintaining the utmost standards of ethical conduct, which encompasses preventing modern slavery and human trafficking across all facets of our operations. As a Canadian oil and gas company, we acknowledge our duty to safeguard against forced labor or child labor at every stage of goods production, both domestically and internationally, whether undertaken directly by our organization or within our supply chains.

In 2023 Sinopec conducted an initial assessment of the risk of forced and child labour in our business, our direct operations and our supply chains. In 2024 Sinopec refined this assessment using the data we collected in respect of our suppliers.

### Our Operations

Approximately 90% of our workforce consists of employees and contractors hired in Canada, approximately 87% of which are employees and approximately 13% of which are contractors. The remaining 10% of our workforce is comprised of employees on assignment to Sinopec Canada from our parent, SIEI, or its affiliates.

Our Canadian employees and contractors are retained through processes administered by Sinopec Canada. Our expatriate employees rely on work permits issued by the Canadian Federal government. Given these retention processes, and that our workforce, whether field employees or office personal, is largely comprised of individuals with the specialized skills required for our business, we consider there is a low risk of forced labour or child labour in our direct operations.

### Our Supply Chains

Sinopec engages in various activities to identify, assess, and manage supplier risk. As part of the onboarding process a prospective supplier must complete a questionnaire that includes environment, social and governance criteria. In response to the Act, Sinopec introduced a supplement to this process specifically focused on the risk of forced and child labor, including the policies, training and due diligence of the vendor in relation to forced and child labor, the use of immigrant labor by the vendor and the import by the vendor of goods from high risk jurisdictions. Going forward, we will require all suppliers to periodically update their responses to the questionnaire to remain compliant with our policy.

In assessing the risk of forced and child labor in our supply chains, we recognized that the suppliers we engage include businesses that are primarily local and adhere to regulations in Canada for oil and gas production which are among the highest standards in the world. Nonetheless, we acknowledge that while Alberta is a very low risk jurisdiction, vigilance is still required.

In assessing the risk of forced and child labour, we also recognized that we do not directly import goods into Canada and have no direct relationship with parties that might be using forced or child labor to produce goods. However, we do procure goods in Canada that we know were manufactured in other jurisdictions and imported into Canada. In our assessment, that is most significant risk of forced and child labor in our supply chains. It was primarily this risk that motivated the addition of the supplement to our onboarding process focused on forced and child labor. In particular, we recognize that our exposure to the risk of forced labour and/or child labour significantly increases when we engage with third parties, particularly in categories such as protective equipment and clothing and construction materials sourced in whole or in part offshore through third parties. We anticipate further work to develop our activities to mitigate these risks going forward.

In 2025, the United States implemented several significant tariff measures affecting imports from various countries. In response, many countries, including Canada, announced countermeasures including reciprocal tariffs and surtaxes. These measures will cause significant disruption in global supply chains which may impact our procurement. In particular, where we import products from the United States that are based on inputs imported by the United States, it is likely the cost will increase. To avoid these cost increases, we will seek alternative suppliers, which could result in expanding our supply chains to vendors with which we are unfamiliar which may introduce an increased risk of child or forced labor. The mitigation of this potential of this increased risk will be a focus in 2025.

## Remediation

We have not identified any issue of forced labour or child labour in our business or supply chains. Accordingly, we have not had to take any measures to remediate any forced labour or child labour or to remediate any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities or supply chains.

## Training

At Sinopec Canada, we are committed to fostering a culture of awareness and responsibility regarding human rights principles, ethical business practices, and legal obligations among our employees, contractors, and vendors. We believe training plays a critical role in enabling us to fulfil this commitment.

Sinopec Canada deploys an online training course on its Code of Business Conduct and Ethics as part of every new employee's onboarding program. While the Code of Business Conduct and Ethics does not directly address issues of modern slavery, it affirms our commitment to ensuring everyone working on behalf of Sinopec Canada adheres to the highest ethical standards. Compliance with the Code of Business Conduct and Ethics is certified by each employee, officer and consultant at the commencement of their employment and annually thereafter.

In 2024 all employees were required to complete training in respect of (i) the Global Code of Conduct of Sinopec Canada's parent corporation, (ii) anti-bribery, (iii) anti-trust, (iv) privacy and (iv) reporting and whistleblower protection; while not specifically addressing the issues of forced or child labour, each of these affirms the high ethical standards we are committed to maintaining.

In 2023 we began development of specific training into forced and child labor designed to provide participants with a deeper understanding of forced labour and child labor, common indicators of risk, how to identify forced labour and child labor, and what to do if they suspect an issue or violation. We anticipate providing this training to all employees in 2025.

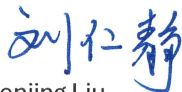
## Assessing Effectiveness

Sinopec Canada is committed to addressing the risks of forced labour and child labour in our business and supply chains. As described in this report, Sinopec Canada has introduced a number of measures to prevent and reduce these risks. However, to date, no actions have been taken to assess the effectiveness of these measures.

## Approval and Attestation

This Report was approved by the Board of Directors of Sinopec Canada on May 27, 2025.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the Company. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Renjing Liu  
Director, Executive Vice President and  
Interim Chief Executive Officer

May 28, 2025

I have the authority to bind Sinopec Canada.