



Harvest Operations Corporation

Forced Labour and Child Labour in Supply Chain Assessment
Report 2023

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Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

The measures introduced through former Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), aim to increase industry awareness and transparency and drive businesses to improve practices. The Act requires entities to report on the steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity. There are seven mandatory reporting areas that must be investigated and reported on, which include:

- Its structure, activities, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that result from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

As of March 2024, Harvest Operations Corp. (Harvest) has established policies and started to implement a due diligence process to assess the risks of forced labour and child labour within its supply chain. Harvest Operations Corp. has reached out to some of its major suppliers by sending questionnaires intended to gather information and understand their supply chain processes. Given that Bill S-211 is a new act, Harvest Operations has yet to refine its internal processes which include updating policies and procedures, supply chain management, and training of employees.

Introduction

This report is Harvest Operations Corp.'s ("Harvest", "HOC", or the "Company") response to Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

Harvest satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

This report covers the financial year January 1 – December 31, 2023. This is the first version of the report submitted by the Company. Harvest's principal place of business is located at 1000, 700 9 Ave SW, Calgary, AB T2P 3V4.

Structure, Activities & Supply Chain

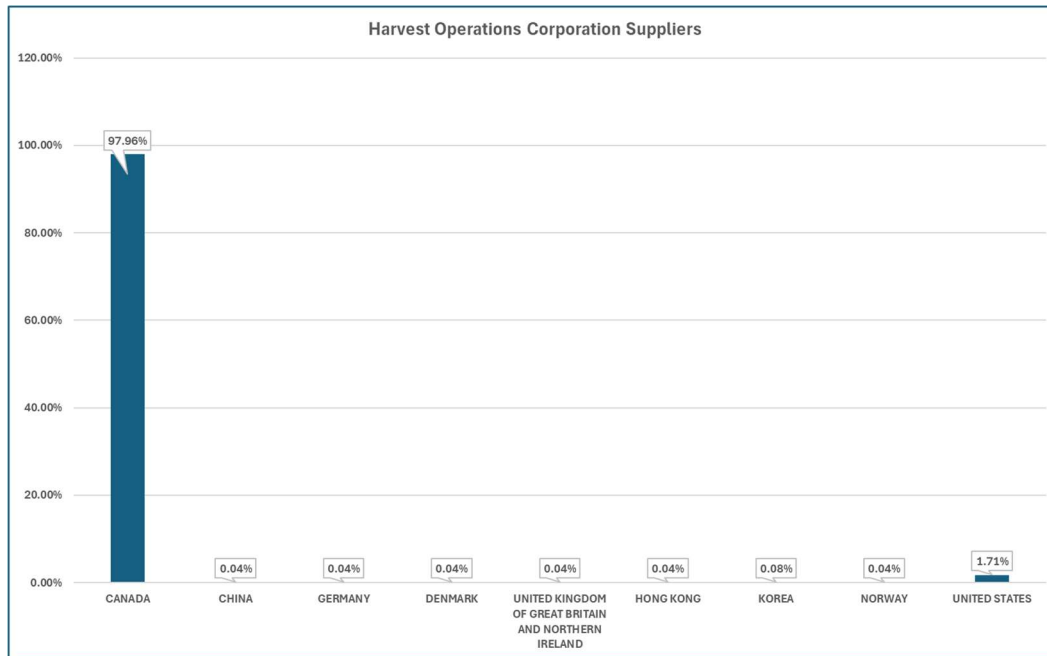
Structure and Activities

Harvest is an energy company in the business of exploration, development, and production of crude oil, bitumen, natural gas, and natural gas liquids in western Canada, mainly Alberta and British Columbia. The Company, which is incorporated under the Alberta Business Corporation Act, is owned 100% by Korea National Oil Corporation ("KNOC"), a company organized under the Republic of Korea.

Harvest Operations is governed by the Board of Directors, composed of a Chair, two KNOC Directors, President and CEO, CFO/Director, COO/Director, and an independent Director, who is a member of the Law Societies of Alberta and British Columbia.

Supply Chain

Harvest Operations has about 2,449 direct suppliers with 97.96% based in Canada, 1.71% based in the United States, and the remaining 0.33% from various locations around the world.



Policies & Due Diligence

Policies

Harvest has policies in place that serve as a framework or guiding principles for all directors, officers, and employees to promote integrity and deter wrongdoing in performing their roles.

Some of these policies and procedures include the following:

- A. **Forced Labour & Child Labour Policy** – The policy provides direction to employees and partners in ensuring appropriate and responsible business conduct is embedded in Harvest’s supply chain processes and practices to reduce the risk of forced labour and child labour.
- B. **Whistleblower Policy** – The policy provides direction to employees and suppliers regarding the communication of concerns on questionable ethical, financial, or operational matters at Harvest. The Policy addresses Harvest’s commitment to integrity and ethical behaviour by creating and supporting an environment where employees/suppliers can act appropriately, without fear of retaliation.
- C. **Environment, Health, and Safety Policy** – The policy documents Harvest’s commitment to Environment, Health and Safety Management Systems that protect all employees, contractors, subcontractors, visitors, and the public.
- D. **Workplace Discrimination, Violence, Bullying and Harassment Policy** – The policy outlines Harvest’s approach to addressing issues related to discrimination, violence, bullying, and harassment in the workplace to preserve a safe, productive, and healthy working environment for its employees.

The Company has identified the opportunity to refine its existing policies and to create new policies and procedures to support the assessment and mitigate potential risks that are specific to forced and child labour.

Supplier Due Diligence

Harvest’s suppliers, contractors, and other entities engaged by the company are facilitated by the Supply Chain Management Team. A “Contract Request Form” and “Supplier Pre-Qualifications Questionnaire” are provided to

contractors and suppliers prior to any further engagement. These mechanisms help Harvest to maintain high business standards by recognizing the importance of credibility, integrity, and trust.

Upon engagement with various suppliers or service providers, Harvest provides agreements, outlining the scope, terms, and conditions related to the nature of work. Harvest is implementing an action plan that includes clauses that are specific to forced labour and child labour in existing and new agreements with their suppliers and vendors.

Risk Assessment

A risk assessment of Harvest's industry of operation, goods procured and countries where goods are procured from has been performed over the direct suppliers of materials. Direct suppliers for the purpose of this reporting are those that make up the top 80% of the company's procurement spend.

This risk assessment used two separate indices to conclude on the inherent risk of child and/or forced labour related to goods and countries - Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor.

Industry of Operations

Harvest operates within the energy industry which is under certain circumstances associated with a high risk of child labour or forced labour, according to the two indices.

Countries Goods are Procured From

For countries of origin, 97.96% and 1.71% of suppliers are based in Canada and the United States, respectively. These are low-risk countries per the slavery index. The remaining 0.33% are based in various locations around the world but mainly for services and no goods were procured.

Goods Procured

Per the 2022 List of Goods Produced by Child Labour or Forced Labour published by the US Department of Labor's Bureau of International Labor Affairs, materials procured by Harvest include electronics, rubber and other materials belonging to high-risk categories, but they are almost entirely sourced from Canada and the United State which significantly reduce the risks.

Remediation of Forced & Child Labour

To mitigate the risk of forced labour and child labour within supply chains, Harvest incorporated the following mechanisms for supplier due diligence:

Supplier Questionnaires

Harvest Operations has initiated the distribution of questionnaires to suppliers, concentrating on conducting due diligence concerning this Act. From the initial responses received, no instances of child labour or forced labour have been identified.

Terms and Conditions

Harvest has identified the opportunity to improve the Terms and Conditions provided to suppliers. Implementation of the process is in progress and will be further improved by including specifics related to forced labour and child labour.

Anti-Forced Labour & Child Labour Policy

The policy provides direction to employees and partners in ensuring appropriate and responsible business conduct is embedded in Harvest's own business and its supply chain processes and practices to reduce the risk of forced labour and child labour.

Remediation of Vulnerable Family Income Loss

Harvest is in the process of evaluating its supply chain related to the risk of child labour and forced labour. To date, Harvest has not identified instances of the use of child labour or forced labour within its operations or those of suppliers. The company is committed to reviewing its procurement practices to enhance the rigor of its due diligence processes including raising awareness with its supplier.

Awareness Training

Training in forced labour and child labour was provided to selected employees. These included the CEO, CFO, COO, VP's, Managers, Team Leads, Superintendents and Foremen. The training included the following areas:

- An overview of Bill S-211, similar laws around the world, the definition of forced and child labour, its forms, and examples of child and forced labour both globally and in Canada.
- An overview of modern slavery including statistics of the global number of people suffering from the issue.
- Common key drivers of forced and child labour such as absence of rights, lack of physical safety, poverty and inequality, criminality, and corruption among others.

Harvest commits to raising awareness and educating its employees on forced and child labour as well as how the related risks are identified and mitigated within the supply chain. The Company continues to identify various resources, specific to forced and child labour, such as training programs that could be extended to all employees.

Self-assessment Process & Requirements

Harvest now has a self-assessment and internal accountability process in place in relation to forced and/or child labour. Upon the risk assessment analysis performed on Harvest and its operations, the risks associated with forced and child labour are low, since 99.67.% of their suppliers are located in the low-risk countries of Canada and the United States. Harvest is committed to continuously assessing and determining the areas in its supply chain that are at risk of forced or child labour.

To monitor and track the effectiveness of procedures to mitigate the risk of child labour and forced labour, the

following mechanisms will be in place:

Internal Activities

- **Forced Labour & Child Labour Policy:** Harvest recently rolled out this policy to provide direction to employees and suppliers/vendors in ensuring appropriate and responsible business conduct is embedded in Harvest’s supply chain processes and practices to reduce the risk of forced labour and child labour. Harvest has committed to update and refine this and other related policies to ensure ongoing relevance and accuracy based on the current operating conditions in accordance with this Act.

Supplier Activities

- **Supplier Questionnaires:** Harvest is in the process of collecting questionnaire responses from suppliers. These questionnaires specifically ask suppliers for details about their risks and processes related to child labour and forced labour.
- **Terms and Conditions**
Harvest will refine clauses related to due diligence and compliance with the Act in the contractual Terms and Conditions provided to suppliers.

Conclusion

Harvest is implementing and refining its internal processes which include updating policies and procedures, supply chain management practices, and training of employees. The Company has started the assessment of forced labour and child labour within its supply chain and has reached out to some of its major suppliers by sending questionnaires intended to gather information and understand their supply chain processes.

Approval and 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, for the reporting year listed above.

IT Pham
Full Name

[Signature]
Signature

Vice-President, Legal
Title

May 31, 2024
Date

I have the authority to bind Harvest Operations Corp. and this report covers the fiscal year 2023.