



Report Under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada)

For the Financial Year Ended December 31, 2024

May 28, 2025

1. INTRODUCTION

This report (the “**Report**”) is made by Birchcliff pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “**Act**”). This Report constitutes our forced labour and child labour report for the financial year ended December 31, 2024 and outlines the steps Birchcliff took during the year to prevent and reduce the risk that forced labour or child labour is being used in our business and supply chains.

At Birchcliff, we are committed to ensuring that we adhere to modern slavery reporting requirements. We will continue to evaluate and assess our processes with respect to forced and child labour in our business over time to ensure we are meeting all applicable reporting requirements and other legislation relating to modern slavery.

References to “**Birchcliff**”, the “**Corporation**”, “**we**”, “**us**” and “**our**” mean Birchcliff Energy Ltd. Unless otherwise indicated, all information contained herein is given at or for the financial year ended December 31, 2024. Certain terms used in this Report have the meanings ascribed to such terms in the Act.

2. STEPS TAKEN TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR OR CHILD LABOUR IN 2024

During 2024, Birchcliff took the following steps to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- developed and implemented Birchcliff’s Code of Business Conduct and Ethics (the “**Code of Ethics**”). The Code of Ethics specifically states that Birchcliff does not use forced labour or child labour and does not knowingly purchase goods or components that use forced labour, child labour or that otherwise involves other human rights abuses;
- required all employees to review the Code of Ethics and complete a mandatory online examination to ensure their understanding of the Code of Ethics and their responsibility to comply with its provisions, including with respect to our commitment to not cause, contribute to or be directly linked to, practices of modern slavery;
- provided a formal training session for our employees with the assistance of external legal counsel to ensure that employees understand the requirements of the Code of Ethics and to provide refresher training on forced and child labour, including understanding what modern slavery is, its prevalence in the world, its impacts in Canada, the current global and Canadian response (including the requirements of the Act) and the appropriate actions to be taken in the event that a heightened risk of forced labour, child labour or other human rights abuses are identified in Birchcliff’s supply chain;
- Birchcliff’s management Environmental, Social and Governance Committee (the “**Management ESG Committee**”), which consists of a multi-disciplinary team composed of representatives from our Corporate Responsibility, Legal and Finance teams, as well as our President and Chief Executive Officer, met periodically throughout 2024 to discuss, among other things, the requirements of the Act and the steps that should be taken by Birchcliff to reduce the risks relating to forced and child labour in its business operations; and
- conducted a review of how many of our suppliers of goods and/or services (“**Suppliers**”) who are required to utilize Birchcliff’s contractor management system (the “**CMS**”) had completed our contractor assessment questionnaire relating to our Suppliers’ policies, procedures and training, including with respect to human rights and modern slavery, and which of our Suppliers have policies in place to condemn forced labour.

3. ABOUT BIRCHCLIFF

Structure and Activities

Birchcliff is an intermediate oil and natural gas company based in Calgary, Alberta that is engaged in the business of exploring for, developing and producing natural gas and light oil, condensate and other natural gas liquids (collectively, “liquids”). All of our assets and operations are located in Canada, within the Province of Alberta, where we are focused on the exploration and development of the Montney/Doig Resource Play. Within the Montney/Doig Resource Play, Birchcliff is focused on two key operating areas: Pouce Coupe and Gordondale. Birchcliff has also strategically built a large, contiguous, 100% working interest Montney land position in the Elmworth area of Alberta.

Birchcliff is amalgamated under the *Business Corporations Act* (Alberta) and our registered and head office is located at Suite 1000, 600 – 3rd Avenue S.W., Calgary, Alberta T2P 0G5. Birchcliff’s common shares are listed on the Toronto Stock Exchange under the trading symbol “BIR”. Birchcliff does not have any subsidiaries.

At December 31, 2024, Birchcliff had 231 employees (131 head office employees and 100 field employees). Our employee base largely consists of oil and gas professionals, including engineers, geoscientists, information technology specialists and corporate and administrative professionals, as well as field technical staff and facility operators. In addition, the Corporation hires skilled contractors to perform drilling operations, well completions and other field service operations.

Additional information regarding our structure and operations is contained in our Annual Information Form for the financial year ended December 31, 2024, which can be found on SEDAR+ at www.sedarplus.ca and on the Corporation’s website at www.birchcliffenergy.com.

Supply Chains

Birchcliff procures goods and services related to the exploration and production of natural gas and liquids in Alberta, Canada. The services include, among other things, those relating to the drilling, completions and tie-in of wells and the construction and maintenance of our leases, facilities and infrastructure, as well as engineering and professional services. Birchcliff procures manufactured goods, including pipes, pumps, valves, compressors, motors, electronic components and other engineered components, as well as corporate office supplies and various consumer goods for promotional and general corporate purposes.

Birchcliff works with a wide range of Suppliers in the procurement of its goods and services, the vast majority of whom are located in Canada. If the goods or services required by Birchcliff are unavailable from Canadian manufacturers, Birchcliff may source such required goods or services internationally, though international procurement has historically been conducted primarily through distributors located in Canada.

4. POLICIES AND DUE DILIGENCE

Code of Ethics

During 2024, Birchcliff developed and implemented our Code of Ethics. The Code of Ethics reflects our commitment to a culture of honesty, integrity and accountability in all areas in which we operate and outlines the basic principles and policies with which all employees, officers, directors, consultants, contractors and suppliers are expected to comply. The Code of Ethics applies to all employees (whether part-time, full-time, temporary or permanent), officers and directors of Birchcliff. Additionally, we expect that all of our contractors, consultants and suppliers also abide by the Code of Ethics while working for, or under the direction of, Birchcliff.

The Code of Ethics contains a specific provision entrenching Birchcliff’s commitment to upholding human rights and codifies our commitment to not cause, contribute to or be directly linked to practices of modern slavery, including forced labour and child labour. This provision states that we do not use forced labour or child labour and do not

knowingly purchase goods or components that use those types of labour or that otherwise involves other human rights abuses. Our commitment to human rights is guided by international and national standards, including all applicable federal and provincial laws and regulations, including those relating to labour rights, freedom of association and working hours, as well as the Act.

Additionally, the Code of Ethics confirms that compliance with both the letter and spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. The Code of Ethics requires that all workers must strive to obey the laws, rules and regulations of the municipalities, provinces and countries in which we operate and avoid even the appearance of impropriety.

The Code of Ethics features reporting provisions that require employees to report any actual, potential or suspected violations of applicable laws, policies, procedures or the Code of Ethics itself. To promote the reporting of potential violations, the Code of Ethics contains a prohibition of retaliatory action against those who report potential or suspected violations in good faith and provides an avenue for the anonymous reporting of concerns or violations. The reporting mechanism and whistleblower protection are designed to foster a culture where potential concerns regarding violations of the Code of Ethics or laws as they relate to modern slavery are reported and addressed. During 2024 and up to the date of this report, no violations of the Code of Ethics have been identified.

A breach of the Code of Ethics by employees or other staff is grounds for sanction, including termination where warranted. A breach of the Code of Ethics by our contractors or Suppliers is grounds for termination of the contractual arrangement due to breach of our policies.

Master Supply Agreements and Contractual Arrangements

Birchcliff endeavours to utilize, where reasonable, standard forms of supply chain contracts for the procurement of goods and services from its Suppliers. These agreements include our master supply agreement (“**MSA**”), which is typically used for the procurement of goods and services in excess of certain financial thresholds and/or higher risk profiles, and our standard purchase order terms and conditions (“**T&Cs**”), which is typically used for the procurement of goods and services with lower financial thresholds and/or risk profiles. Our MSA and T&Cs both contain the following provisions that are relevant to Birchcliff’s processes for countering modern slavery in our business and supply chains:

- they require that the Supplier comply at all times with applicable laws in the performance of its obligations under the agreement, which would include laws prohibiting the procurement of goods or provision of services that utilize forced or child labour;
- they require that the Supplier comply with Birchcliff policies; and
- they require that the Supplier ensure that its personnel (including subcontractors) comply with the terms and conditions of the agreement, which includes compliance with all applicable laws and Birchcliff policies.

Each of our MSA and T&Cs provide that the agreement may be terminated by Birchcliff immediately should the Supplier be in breach of the agreement. Accordingly, if we become aware of the use of forced or child labour in the supply chain of one of our Suppliers pursuant to a MSA or our T&Cs, Birchcliff has the ability to terminate our agreement with that Supplier with immediate effect.

Contractor Management System (CMS)

Birchcliff utilizes a CMS to assist us in reviewing and monitoring contractor compliance with Birchcliff's requirements. During 2024, Birchcliff conducted a review of its CMS to assess how it could be used to manage the risk that forced and/or child labour were being used in Birchcliff's supply chains. Birchcliff's CMS includes a contractor assessment questionnaire relating to our Suppliers' policies, procedures and training. This questionnaire includes questions with respect to environmental, social and governance performance, including with respect to human rights and modern slavery.

During the year ended December 31, 2024, Birchcliff conducted a review of its Suppliers' responses to the CMS questionnaire as it relates to policies and procedures relating to forced and child labour. As of the date of this Report, approximately 97% of our existing Suppliers required to utilize the CMS have completed the questionnaire, with approximately 50% of respondents confirming that they have a human rights policy in place and 37% of respondents confirming that they have a policy in place condemning the use of forced labour. Due to the vast majority of our Suppliers being located in Canada and many of our Suppliers not meeting the size requirements for mandatory reporting under the Act, we have not mandated that Suppliers have specific policies relating to forced or child labour.

In certain situations where the Supplier is under Birchcliff's financial thresholds and/or there will be limited interaction between Birchcliff and the Supplier, for example the purchase of office supplies and general corporate and promotional items, Birchcliff does not require that the Supplier participate in its CMS. In such circumstances, Birchcliff generally utilizes large, reputable distributors located in Canada and, where possible, purchases products from well-known manufacturers.

5. ASSESSING AND MANAGING RISK

All of Birchcliff's business operations are in Alberta, Canada and our employee base largely consists of oil and gas professionals, field technical staff and facility operators. All of our business operations are carried out in compliance with applicable labour, employment and occupational health and safety laws, including those governing minimum working age and working conditions. Accordingly, we believe that there is no appreciable risk of forced labour or child labour in our direct operations. Therefore, we have not adopted any specific due diligence processes aimed at identifying instances of forced labour or child labour in our direct operations over and above our general processes and procedures for monitoring compliance with the laws and regulations applicable to our business.

The Management ESG Committee, with input from our Vice President, Operations and our Operations team, is responsible for providing guidance and recommendations to our Executive team and the Environment, Health, Safety and Sustainability Committee of our Board of Directors with respect to Birchcliff's approach to reducing risks relating to forced and child labour.

We believe that our greatest risk exposure to forced labour and child labour is through Suppliers and the primary source of these risks come from Suppliers procuring goods that are sourced or manufactured in high-risk countries and sectors. Birchcliff has conducted an examination of our supply chain and Suppliers in order to identify any heightened risks of forced or child labour. This examination included the following:

- The identification of countries and regions where there is a comparatively high prevalence of forced labour and child labour and a list of goods that have a higher risk of being produced by child labour or forced labour in high-risk jurisdictions.⁽¹⁾

(1) High-risk countries are based on data from the Global Slavery Index at walkfree.org. High-risk goods are based on the List of Goods Produced by Child Labor or Forced Labor as of September 5, 2024, U.S. Department of Labor, Bureau of International Affairs.

- The review and update of the Corporation's detailed list of direct Suppliers to determine whether any of Birchcliff's direct Suppliers of goods and services were domiciled in a country or region that was identified as being high-risk.
- The initiation of a review of the goods and services that have been and are expected to be procured by the Corporation in order to determine which, if any, products procured by Birchcliff carry a high risk of exposure to forced labour or child labour.

Given that greater than 99% of our total Supplier spend is to Suppliers located in Canada, we consider the overall risk of modern slavery being present with our direct Suppliers to be very low. At December 31, 2024, Birchcliff did not identify any goods or services that were directly procured by Birchcliff which have been identified as being produced through the use of forced or child labour.

6. REMEDIATION MEASURES

In 2024, Birchcliff did not identify any instances of forced labour or child labour in its operations or supply chain and therefore remediation measures were not required. If a situation of non-compliance is identified in the future, Birchcliff will work to implement corrective actions to remedy the situation.

7. EMPLOYEE TRAINING

In 2024, we provided a formal training session for our employees with respect to the implementation of the Code of Ethics, which included refresher training on modern slavery. The training built upon the modern slavery training provided in 2023 and provided new and updated information to ensure that employees continue to be aware of the Act and to maintain awareness of forced and child labour. The training was developed and presented by external legal counsel and members of our internal legal team and all of Birchcliff's employees were strongly encouraged to attend. The objectives of the training were as follows:

- to ensure employees continue to be aware of the requirements of the Act;
- to provide employees with an understanding of forced and child labour;
- to make employees aware of their obligations and the implications of forced and child labour for Birchcliff and the appropriate actions to be taken in the event that they identify a heightened risk of forced labour, child labour or other human rights abuses in Birchcliff's supply chain; and
- to make employees aware of the implementation of Birchcliff's Code of Ethics and the commitments and obligations imparted on them by the Code of Ethics.

In addition, all Birchcliff employees were required to read the Code of Ethics and complete a mandatory online examination to ensure that they understood the contents of and requirements set out in the Code of Ethics. This examination contained questions regarding Birchcliff's commitment to not cause, contribute to or be directly linked to modern slavery, and reporting guidelines for staff members. A score of 80% or higher was required on the examination.

In addition to the foregoing, we provide training regarding the Code of Ethics when onboarding new staff. All new staff are expected to review and understand the Code of Ethics and complete the online examination as part of their onboarding.

8. EFFECTIVENESS

Other than the actions described in this Report, no actions were taken by Birchcliff in 2024 to assess our effectiveness in ensuring that forced labour and child labour are not being used in our business and supply chains.

9. APPROVAL AND ATTESTATION

This Report was approved by the Board of Directors of Birchcliff Energy Ltd. pursuant to Section 11(4)(a) of the Act.

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 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.

I have the authority to bind Birchcliff Energy Ltd.

(Signed) *"A. Jeffery Tonken"*

A. Jeffery Tonken

Chairman of the Board of Directors

Calgary, Alberta

May 28, 2025