



# Ember Resources Inc. Modern Slavery Report

December 31, 2023

**EMBER**

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# About Ember

Ember Resources Inc. is committed to playing our role to address modern slavery.

In 2023 the Government of Canada enacted Bill S211 *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. Throughout 2023 Ember undertook actions to begin our journey to address Modern Slavery considerations. This report describes our initial efforts to identify a roadmap to engage with our suppliers, identify modern slavery risks and enhance internal processes to mitigate these risks within our business operations and supply chain.

We remain driven by our purpose to sustainably deliver energy for the province of Alberta and our local communities.

Ember is one of Canada's largest producers of shallow natural gas operating in the oil and gas sector, producing 275 gross million cubic feet per day from Alberta's Horseshoe Canyon formation. We utilize simple, efficient, and low-cost drilling and production methods to source a steady supply of natural gas. As a consolidator of shallow gas assets in the Western Canadian Sedimentary Basin, we are well-positioned to continue growing our operations and supplying energy for future generations.

Ember is a private Canadian company in financial and strategic partnership with Brookfield Corporation, a global alternative asset manager with over \$800 billion in assets under management.



## EMBER'S ASSETS

# Our portfolio of assets

1. Ember has over 2.2 million gross (2.0 million net) acres of highly contiguous land, producing more than 275 million cubic feet per day gross (245 net) of sweet, dry Alberta natural gas all in the Province of Alberta Canada between the cities of Edmonton and Calgary.
2. Approximately 11,000 gas wells provide reliable production with minimal maintenance.
3. Ember's wells are shallow gas wells located in south-central Alberta. Shallow gas produced from the Horseshoe Canyon formation is 'sweet, clean and dry' natural gas that is a near pipeline-quality right out of the ground.
  - Sweet – does not contain hazardous hydrogen sulphide (H<sub>2</sub>S) or other contaminants.
  - Clean – is widely recognized as the cleanest burning fossil fuel produced today.
  - Dry – the source coal formations of Horseshoe Canyon contain little to no water, so gas production begins as soon as the formation is completed.
4. Our shallow gas drilling is quick, efficient and has minimal land disturbance. Drilling to shallow depths of 650-1,200 metres in an average of two drilling days.
5. New wells produce at initial rates of approximately 90 mcf/d of natural gas and produce for 25-30 years.
6. Our labour force consists of approximately 200 employees which are all Alberta residents and generally a specialized workforce of mainly professionals and technicians.
7. We use predominately Canadian suppliers for goods and services.



# Recommended Steps to address Modern Slavery

## 1. Policies and Processes

### Government Recommendations:

Developing and implementing child protection policies and processes. Developing and implementing anti-forced labour and/or – child labour standards, codes of conduct and/or compliance checklists.

### Steps taken by Ember:

- Established oversight of Modern Slavery requirements through board oversight and assignment to HSE Committee of the Board.
- Reviewed, revised and board approved various corporate policies to incorporate Modern Slavery requirements.
- Established, adopted and board approved Vendor Code of Conduct for implementation in a subsequent fiscal year.

## 2. Risk Assessment

### Government Recommendations:

Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains, and mapping supply chains. Developing and implanting due diligence policies and processes for identifying, addressing, and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains. Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour. Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour.

### Steps taken by Ember:

- Reviewed corporate operations considering industry, geographic location of operations, and labour force requirements to assess risk levels for modern slavery.

- Evaluated supply chain participants and stratified into risk categories.
- Considered future due diligence methodologies for risk assessment and information gathering requirements. Identified software for future use in vendor evaluation.

## 3. Supplier Requirements

### Government Recommendations:

Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains. Monitoring suppliers. Auditing suppliers. Developing and implementing anti-forced labour and/or child labour contractual clauses.

### Steps taken by Ember:

- Established vendor code of conduct for rollout to vendors in subsequent fiscal periods.
- Internally evaluated supply chain participants and stratified into risk categories.
- Establishing high-risk individual vendor information gathering process for future rollout via special purpose software implementation
- Considering high-risk vendor contractual clause obligation.

## 4. Hiring Practices

### Government Recommendations:

Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily.

### Steps taken by Ember:

- Evaluated hiring practices and workforce for modern slavery risks. Deemed to be very low-risk due to make-up of workforce, geographic location, and specialized nature of workforce.

## 5. External Reviews

### Government Recommendations:

Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains.

### Steps taken by Ember:

- No external evaluation of modern slavery risks was undertaken by the company. No future plans currently exist. The potential for external assessment will be influenced by results of internal evaluations over the next fiscal periods.

## 6. Addressing forced labour situations

### Government Recommendations:

Developing and implementing an action plan for addressing forced labour and/or child labour. Enacting measures to provide for, or cooperate in, remediation of forced labour and/or child labour. Engaging directly with workers and families potentially affected by forced labour and/or child labour to assess and address risks. Engaging with supply chain partners on the issue of addressing forced labour and/or child labour. Engaging with civil society groups, experts, and other stakeholders on the issue of addressing forced labour and/or child labour.

### Steps taken by Ember:

- No circumstances of forced labour have been identified thus far at Ember. As such, no further actions have been taken to remediate any forced labour or child labour or to remediate any resulting loss of income to the most vulnerable families.

## 7. Training

### Government Recommendations:

Developing and implementing training and awareness materials on forced labour and/or child labour.

### Steps taken by Ember:

- The company has not yet developed training and awareness programs for forced labour.
- Future development of training programs is expected to occur in subsequent periods.

## 8. Tracking Performance

### Government Recommendations:

Developing and implementing procedures to track performance in addressing forced labour and/or child labour.

### Steps taken by Ember:

- No performance tracking processes have been developed by Ember as yet.

# Supply Chain Information and Risk

Ember assesses risk based on industry, geographic location, workforce makeup and entity. The company continues to engage a diverse range of suppliers from established oil and gas companies to local family-owned businesses, located in Alberta, Canada, for a range of goods and services.

## Industry Risk

- Although the global energy industry is susceptible to Modern Slavery, the risk within Canada is much lower.
- High demand in the global industry for migrant and base-skill workers.
- Frequently operating in high-risk geographies or have supply chains that include these geographies.
- Short-term and temporary nature of some work, such as construction.
- Use of labour hire and outsourcing of construction and maintenance to third-party contractors.

## Our supply chain data in 2023 shows:

- 10,400 total suppliers across all our assets with an aggregated spend of ~\$226.4M.
- \$125M are paid to 1,600 Canadian entities for goods and services.
- Top 100 suppliers are all Alberta, Canada based, of this \$91M are for goods and services.
- The balance is to Canadian and foreign entities for financial services that have very low risk.

## Ember Modern Slavery Risk

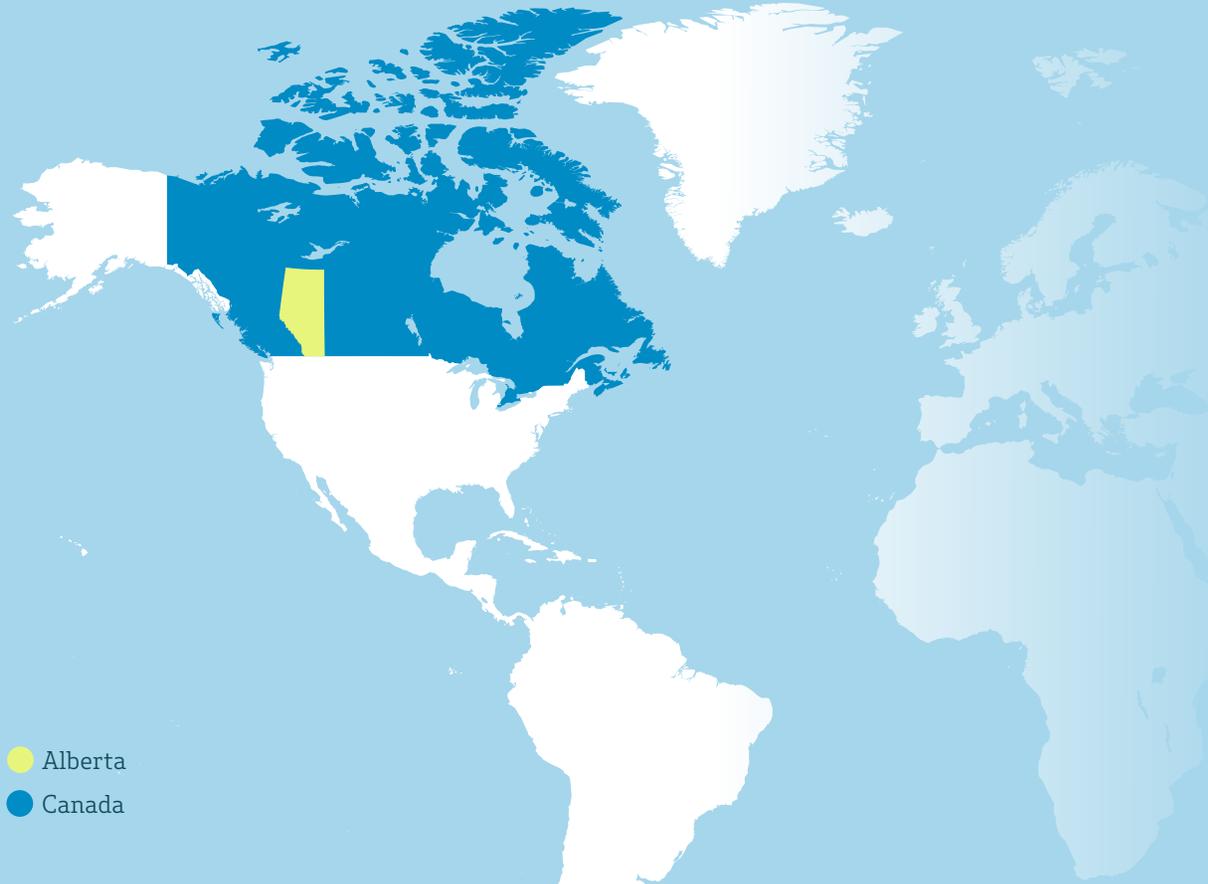
- Energy Industry is generally high-risk.
- Ember operates exclusively in Canada which is rated lower risk by the 2023 Global Slavery Index.
- Ember's workforce is based in Canada and is specialized labour (professional and technicians), which is lower risk for Modern Slavery.
- Ember's supply chain is based in Canada, so the first level (direct) supply chain is rated lower risk for Modern Slavery. Level 2 and 3 supply chain is not known currently.
- Overall, Ember Modern Slavery risk would be lower risk due to the above noted factors.



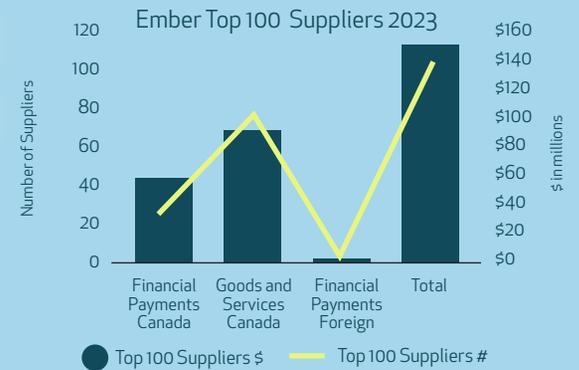
SUPPLY CHAIN INFORMATION AND RISK

# Ember: Canadian operations, local supply chain

The majority of Ember's diverse range of suppliers are established oil and gas companies and local family-owned businesses located in Alberta, Canada.



**96%** of suppliers based in Canada  
**TOP 100** suppliers based in Alberta



# Risks of Modern Slavery in our supply chain

Ember's Modern Slavery Risk Framework is based on the following risk indicators (industry, entity, and geographical locations) that govern the method of our supplier assessments. Selected suppliers are internally assessed against this framework to produce a preliminary rating of low, medium, or high.

## Current Environment

Ember has assessed its current risk as low, based on the factors outlined above. No further work has been done in the current fiscal year 2023. In 2024, we will expand our level of work as outlined below.

## Future Environment

Ember has sourced external software (Modern Slavery Supplier Questionnaire) designed to assess higher risk suppliers through an interactive process of information gathering on certain suppliers. Ember intends to implement this software in 2024.

All suppliers with an internal medium or high-risk rating will be issued Ember's Modern Slavery Supplier Questionnaire (a detailed examination against our framework), which will then be actively assessed by our Contracts & Procurement team before a finalized rating is confirmed.

The questionnaire will require suppliers to provide details about business structure, internal processes and policies, supply chain visibility, employee training, internal and external audit provision, and employee entitlements.

Supplier responses will then be analyzed internally for potential modern slavery risks in their operations and/or supply chain. Where required, Ember will seek additional supporting information and clarification from the supplier.

Proactive due diligence and assurance activities will be then established with these suppliers. Renewal of assessments are completed as follows:

**LOW RATING** – continue to internally review.

**MEDIUM RATING** – detailed questionnaire within two years.

**HIGH RATING** – detailed questionnaire within one year.



# Modern Slavery Action Roadmap

Action roadmap Fiscal Year 2023 Activities	Status	
	Start of 2023	End of 2023
Update governance documentation in relation to the Act Including Vendor Code of Conduct	Outstanding	Complete
Understand Risk Assessment of Energy Industry	Outstanding	Complete
Perform Ember Risk Assessment for Modern Slavery	Outstanding	Complete
Implement internal modern slavery supply chain evaluation	Outstanding	Complete
Research Supply Chain Evaluation Tools	Outstanding	Complete

Action roadmap Plans for 2024-2026
Issue first Modern Slavery Report in May 2024
Expand Supplier evaluation through implementation of Software based Supplier Questionnaire aimed at High-Risk suppliers
Rollout Vendor Code of Conduct to High-Risk Suppliers
Modify Supplier Contracts to embed Modern Slavery Provisions
Plan Company training programs for Modern Slavery
Implement training programs for Modern Slavery

## Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Ember Resources Inc.

In accordance with the requirements of the Act, and in particular subsection 11 thereof, I attest for and on behalf of the Board of Directors of Ember in my capacity as a Director, that I have reviewed the information contained in the report for Ember. 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 financial year ended December 31, 2023.

I have the authority to bind Ember Resources Inc.

Per:



JIM REID Director  
May 16, 2024

**EMBER**

EMBER RESOURCES INC.

800 - 400 3rd Avenue S.W. Calgary, Alberta T2P 4H2