

## 2024 Report on the Fighting Against Forced Labour and Child Labour in Supply Chains Act

This report is made pursuant to section 11 of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act").

This report has been prepared by Advantage Energy Ltd. ("Advantage") (TSX: AAV) and reflects key supply chain information for the period between January 1, 2024, and December 31, 2024. The terms "Advantage", "Advantage Energy Ltd.", the "Company", the "Corporation", "we", "us", "our", and similar terms refer to Advantage Energy Ltd.

**The steps the Company has 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 Company or of goods imported into Canada by the Company:**

- Established a Vendor Code of Conduct which outlines standards of ethical conduct which companies who supply goods and services to Advantage agree to conduct business by.
- Created a Vendor Notice which sets expectations regarding forced labour and child labour for companies supplying goods or services to Advantage. The Vendor Notice was uploaded into our Contractor Management System for vendor acknowledgement.
- Implemented human rights specific evaluations into our Contractor Management System Questionnaire.
- Analyzed all current direct suppliers (Tier 1) based on product and service country of origin and the top 50 direct suppliers by industry to evaluate potential risks within Advantage's immediate supply chain.
- Made progress on steps in our Action Plan to identify and address potential concerns related to forced labour and child labour and updating the Plan as required with evolving best practices and legislative requirements.
- Developed comprehensive Policies and Programs training, providing an overview of key corporate policies, including our Human Rights Policy, emphasizing human rights and the Act requirements.
- Engaged with external legal counsel to support the development of our human rights program.

### **a) Structure, activities and supply chains**

Advantage is a growth-oriented energy corporation headquartered in Calgary, Alberta, Canada with a significant position in the Western Canadian Sedimentary Basin and operating entirely in Canada at Glacier, Valhalla, Wembley, Progress, and Gordondale, Alberta and in the Attachie/Conroy area of British Columbia.

Advantage conducts exploration, development, production, processing, marketing, abandonment, and reclamation activities, utilizing suppliers from Canada and the United States. Some examples of the services or goods required for Advantage operations include, drilling and completions, related equipment, trucking/freight, operations and maintenance, information technology, consulting, engineering and construction, and others.

## Organization

In 2024, Advantage employed 82 full-time permanent employees, 2 part-time employees, and 109 contract operators. 100% of these staff members are based in Canada, consisting of oil and gas professionals in both field and office-based positions.

### b) Policies and due diligence processes in relation to forced labour and child labour

Advantage's Board of Directors (the "Board") is responsible for the overall organizational strategy and appropriate policies and procedures to align with the strategy. The Board established the Governance and Sustainability Committee to assume responsibility for developing the policies and strategies of the Corporation concerning environmental, social, governance and sustainability matters including human rights. The following policies are related to forced labour and child labour risk mitigation:

- **Code of Business Conduct and Ethics:** Outlines Advantage's requirements for the highest standards of professional and ethical conduct, where no employee is permitted to violate laws or regulations, or unscrupulous dealings.
- **Human Rights Policy:** Establishes the principles embedded into Advantage's business operations regarding high ethical standards, including respect for human rights. The policy is built upon the internationally recognized human rights and fundamental labour rights.
- **Whistleblower Program:** Summarizes the procedure for individuals to confidentially and anonymously report complaints and concerns regarding internal code and policy compliance, accounting, internal controls or auditing matters without the fear of repercussions.
- **Workplace Harassment and Violence Policy:** Demonstrates Advantage's commitment to ensuring everyone knows their right to work in an environment free from harassment and violence, and to be treated with dignity and respect. Advantage does not tolerate conduct that is abusive, harassing, or offensive, and is committed to respecting individual rights.
- **Vendor Code of Conduct:** Advantage implemented a Vendor Code of Conduct in 2024 which establishes the ethical, legal, and operational standards that vendors, contractors, and suppliers must adhere to, including commitments to human rights, workplace health and safety, environmental sustainability, data protection, and anti-corruption practices. Vendors are expected to comply with the Code and all applicable laws and report any violations.

Other due diligence measures Advantage has implemented include:

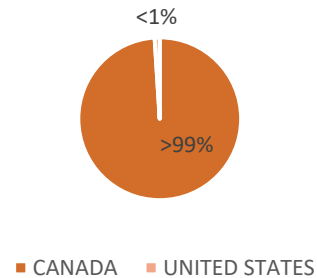
- **Action Plan:** Advantage continues to implement our action plan to identify and address potential concerns related to forced labour and child labour within our supply chain, with initiatives such as expanding our supply chain mapping activities to include additional evaluation criteria. These action items are informed by Public Safety Canada, in addition to various ESG reporting methodologies, ESG rating agencies, and industry best practices.
- **Contractor Management System:** All contractors conducting work for or on behalf of Advantage must be prequalified through a third-party compliance management system. This process includes an assessment of WCB and insurance coverage, safety performance, and safety programs to ensure adequacy. In 2024, Advantage introduced human rights specific evaluations in our contractor questionnaire, which determined that 100% of contractors who responded have not been reported, charged, or sanctioned for the violation of human rights laws over the past 5 years, or are not currently facing legal proceedings to that effect.

- **External Counsel:** Advantage has engaged with external legal counsel to support the development of our human rights program, including updating current policies, internal communication, and additional documentation to support due diligence with suppliers.

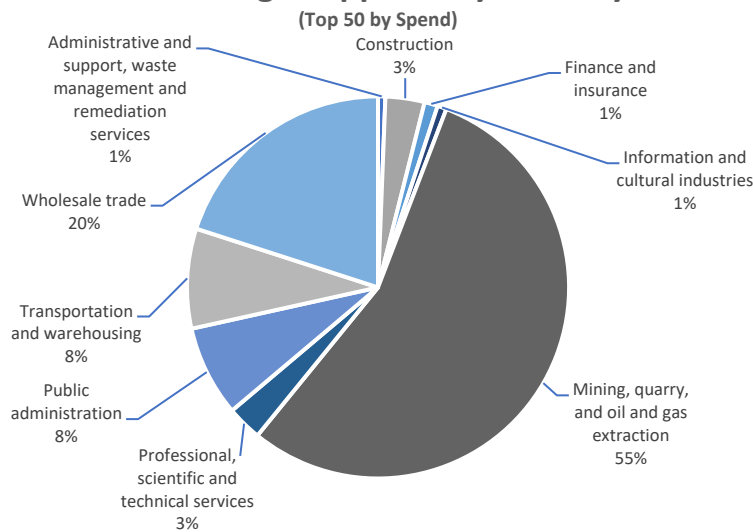
**c) Parts of the business and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk**

Advantage analyzed all current, direct suppliers (Tier 1) based on country of origin to assess potential risks within our immediate supply chain. The chart to the right summarizes the supplier breakdown, with greater than 99% of Advantage’s suppliers based in Canada and less than 1% in the United States. Additionally, Advantage identified the top 50 direct (Tier 1) suppliers by spend, representing 70% of total annual expenditures, and categorized them by industry. This analysis determined that our direct suppliers present a low risk. While modern slavery risks are not entirely absent in Canada and the United States, industries associated with carrying potential risks (e.g., agricultural)\*, have not been identified in the assessed group of Advantage’s supply chain.

**Advantage Suppliers by Country**



**Advantage Suppliers by Industry**



\*Walk Free – Global Slavery Index 2023 – walkfree.org

**d) Measures taken to remediate any forced labour or child labour**

Advantage did not identify any instances of forced labour or child labour within the supply chain, and therefore remediation efforts were not required.

Advantage’s Whistleblower Program provides all employees and individuals working for or on behalf of Advantage with a grievance mechanism to report matters that are in violation of the Company’s Code of

Business Conduct and Ethics, Human Rights Policy, or Vendor Code of Conduct directly to a Board representative. This allows the reporter to remain anonymous while the report is being investigated, and appropriate remediation measures are applied.

**e) Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains**

Advantage has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

**f) Training provided to employees on forced labour and child labour**

All employees, contract operators, and consultants are required to complete an annual mandatory review and acknowledgement of relevant policies including Advantage's Code of Conduct and Ethics, Human Rights Policy, Whistleblower Program, Workplace Harassment and Violence Policy and IT Usage Policy and Practices. The completion rate for these acknowledgements in 2024 was 100%.

In 2024, Advantage created a Policies and Programs training module that reviews the Company's Code of Conduct and Ethics, Whistleblower Program, Workplace Harassment and Violence Policy, and Human Rights Policy. The training places significant emphasis on the Human Rights Policy, Advantage's reporting requirements under the Act, and broader human rights principles derived from the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. This mandatory training will be rolled out to all employees at the start of 2025 with a requirement to be completed before the end of the year.

**g) How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains**

To reduce and prevent risk of forced labour or child labour within our operations or supply chains, Advantage utilizes the following measures to assess effectiveness:

- **Policy and Program Reviews:** Ongoing review of and updates to policies and programs related to forced labour and child labour, such as the Human Rights Policy, Vendor Code of Conduct, and Whistleblower Program to ensure alignment with current laws and best practices.
- **Monitoring Training Completion Rates:** Tracking annual completion rates for mandatory policy acknowledgements to ensure employee understanding and compliance.
- **Whistleblower Program Monitoring:** Tracking the number and nature of any reports made through the Whistleblower Program or otherwise, ensuring any issues are investigated and addressed promptly. The Company has not received any complaints through its Whistleblower Program or otherwise related to forced labour or child labour.

**Attestation**

*This report was approved by Advantage's Board of Directors on March 4, 2025 pursuant to paragraph 11(4)(b)(ii) of the Act and will be filed with the Minister of Public Safety and Emergency Preparedness.*

*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.*

*I have the authority to bind Advantage Energy Ltd.*

/s/ Stephen E. Balog

Stephen E. Balog

Chair of the Board of Directors

Advantage Energy Ltd.

March 4, 2025