

Touchstone Exploration Inc. Supply Chains Report (2024)

1 Introduction.

This report (**Report**) has been prepared by Touchstone Exploration Inc. (**Touchstone**) in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the **Act**). This Report sets out the activities of Touchstone and its subsidiaries (**Reporting Entities**) for the year ended December 31, 2023 (**Reporting Period**) regarding the work undertaken to identify, reduce and prevent the risk that forced labour or child labour is used at any step of the production of goods by the Reporting Entities in Canada or elsewhere or the importation of goods into Canada by the Reporting Entities (collectively, **Touchstone, our, us** or **we**).

2 Steps taken to prevent and reduce the risks of forced labour and child labour.

During the Reporting Period and in connection with the preparation of this Report we took the following steps to assess risks and prevent forced labour or child labour with respect to the business and supply chains of the Reporting Entities:

- Professional Advice - Working under the direction of our legal advisors, we coordinated the activities of management, our procurement group, and our contracting group, to assess our current policies and procedures relating to our service providers and suppliers in order to identify risks within our operations and supply chains;
- Risk Assessment - We conducted an assessment of the risks of forced labour and/or child labour in our activities and supply chains;
- Due Diligence - We have enhanced our due diligence policies and processes for addressing and prohibiting the use of forced labour and/or child labour in our activities and supply chains;
- Pre - Qualification Procedures - We have updated our pre-qualification procedures to ensure our suppliers have policies and procedures in place for prohibiting the use of forced labour and/or child labour in their activities and supply chains;
- Contracting Terms - Touchstone has updated our master service agreements and purchase orders to add robust anti-forced labour and child labour provisions;
- Terms and Conditions - We have revised our software systems to ensure appropriate terms and conditions are included in all purchase orders; and
- Going Forward - Lastly Touchstone has engaged professional advisors to assist us in developing continuous improvement policies to ensure that we are properly addressing the issues of forced labour and/or child labour.

Details on the foregoing are set out in further detail in this Report.

3 Structure, activities, and supply chains.

3.1 Structure and Activities.

Touchstone is incorporated under the laws of Alberta, Canada with its head office located in Calgary. We are an oil and natural gas exploration and production company solely active in the Republic of Trinidad and Tobago (**Trinidad**). We carry on our operations through a number of indirectly wholly owned subsidiaries.

3.2 Supply Chains.

Although some of our goods and services are sourced from outside of Canada and Trinidad, the majority of our goods and services are sourced in Trinidad. Our supply management, procurement and contracting procedures are managed through our central procurement group working in both Trinidad and Calgary. Our key suppliers are identified based upon both the nature of the goods and services they provide and the relative procurement spend each year.

We work with service providers and suppliers who share our commitment to conducting business in a sustainable, ethical, legal and socially responsible manner, as guided by the principles outlined in our supplier prequalification questionnaire and our Code of Conduct and Ethics (**Code of Conduct**).

4 Policies and due diligence processes.

4.1 Policies.

Touchstone's goal to reduce and prevent the risk of forced labour and child labour in its business and supply chains is evidenced by a number of our policies. Our subsidiaries are required to abide by these policies and are involved in their preparation, implementation and monitoring.

(a) Supplier Prequalification Questionnaire.

Our prequalification process is used to ensure reputable service providers and suppliers and requires service providers and suppliers to abide by all applicable local laws, rules and regulations and to not use forced or child labour in the conduct of their business. The prequalification screening also reiterates Touchstone's commitment to conducting business in a sustainable, ethical, legal and socially responsible manner and we require that our service providers and suppliers take reasonable measures to ensure that any suppliers from which they source materials act in accordance with these principals and have in place procedures to allow any employee or third party to report concerns or violations.

Touchstone's service providers and suppliers are required to allow Touchstone or independent third parties acting on its behalf to audit suppliers' compliance with these principles. These assessments may include confidential interviews with on-site workers. If a service provider or supplier fails to uphold any aspect of Touchstone's requirements the service provider or supplier is required to undertake corrective actions. Touchstone reserves the right to terminate any agreement with any service provider or supplier that cannot demonstrate compliance with Touchstone's requirements.

(b) Code of Conduct; Employee Policies.

Our Code of Conduct sets out company wide values which guide interactions with customers, suppliers, stakeholders and employees. Among other things, the Code of Conduct governs compensation, anti-corruption practices, political activities, competitive practices and the protection of human rights.

Touchstone has internal policies for its employees, such as the respect in the workplace policies that also help us maintain our commitment to ensuring a safe work environment for our employees. These policies also communicate our commitment to prohibit any activities contrary to applicable laws.

4.2 Due Diligence Processes.

(a) Reporting Channels.

Touchstone's Whistleblower Line provides a process to report concerns with respect to violations of applicable laws and regulations, the Code of Conduct or other compliance policies. Concerns of potential violations can be done anonymously by third party web reporting or phone service.

(b) Service Providers and Suppliers -- Evaluation and Appraisal.

Touchstone continues to work towards enhancing the evaluation and appraisal process, which evaluates key and critical suppliers prior to doing business with us.

Evaluation may take the form of a questionnaire, an interview, or a site visit. It includes appraisals and categorization of various aspects of the risk exposure such as forced and child labour, health and safety, legal compliance, supplier category and country risk and accreditations. Further, it includes a request for suppliers to acknowledge whether they have read and understood our expectations or in the alternative, whether they have their own code of conduct in place. The results of the evaluation are reviewed by managers of Touchstone on an ongoing basis.

(c) Employment Practices.

Touchstone is committed to respecting the human rights of our employees by respecting local laws and regulations related to human rights and through our internal employment policies and practices. We have implemented responsible business conduct in our hiring practices.

In addition, as outlined in our mutual respect in the workplace policy, Touchstone strives to ensure full compliance with all applicable wage, work hours, overtime, and benefits laws. Touchstone's Human Resources group is responsible for overseeing our talent management and compensation strategy, plans, policies and procedures.

(d) Committee Oversight.

Touchstone's Health, Safety, Social and Environmental Committee (the **HSSE Committee**) oversees our policies, procedures, internal control systems and strategies relating to climate related issues, environmental protection, sustainability issues, health, safety and social matters to ensure due

assessment, consideration and management of risks, opportunities and potential performance improvement relating thereto. This now includes risks of forced labour and child labour as well as Touchstone's reporting obligations under the Act. The HSSE Committee reports to the Board of Directors.

5 Risks of forced labour and child labour in our business operations and supply chains.

5.1 Operations.

Given that our primary operations are conducted in Canada and Trinidad, and in light of our past practices regarding codes of conduct, respect in the work place, and related employee policies and procedures in place to help ensure compliance with all applicable laws, we consider the risk of forced labour and child labour occurring within our business operations to be low.

5.2 Supply Chains.

During the Reporting Period, Touchstone worked with our professional advisors and began the process of assessing the risks of forced labour and child labour in our supply chains, in which we initiated the mapping of certain of our direct suppliers, including categorizing certain suppliers based on geopolitical risk factors and publicly available data.

6 Steps taken to assess and manage the risks of forced labour and child labour in our operations and supply chains.

6.1 Operations.

Touchstone's hiring process requires all new hires to present valid proof of identification and to confirm legal working status and we comply with applicable employment and labour laws.

6.2 Supply Chains.

Touchstone has started a risk assessment process by mapping certain of our key direct suppliers, including developing classifications for suppliers in high-risk locations and high-risk industries. This mapping process has enabled us to begin our assessment of certain forced labour and child labour risks that may exist in our supply chain by virtue of certain supplier's jurisdictions and/or industries of operation. Generally, this process involved working with our suppliers to gather data on our extended supply chains. Along with this initiative Touchstone also worked to identify opportunities to strengthen our human rights due diligence practices when evaluating our suppliers.

(a) Contractual Practices.

Our terms and conditions contain provisions wherein the service provider or supplier undertakes not to use forced, involuntary or child labour in its operations. Our standard agreements also require service providers and suppliers to commit to adhering to the principles and standards in our requirements which sets out the expectation that suppliers require their own suppliers to commit to similar principles and standards as it relates to forced labour and child labour.

In addition, our purchase orders reference our general terms and conditions and sets out the expectation that our suppliers shall not utilize forced labour or child labour and shall demonstrate compliance upon request.

(b) Supplier Evaluation and Appraisal.

Through our supplier evaluation and appraisal process, we endeavor to identify aspects of subcontracted services provided to Touchstone and associated risks.

7 Remediation Measures.

There is nothing to report with respect to measures taken during the Reporting Period to remediate (i) instances of any forced labour or child labour, or (ii) 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 our activities and supply chains.

In line with our Mutual Respect in the Workplace policy, if any instances of child labour or forced labour are identified within our operations, Touchstone endeavours to take appropriate remedial action. If one of our suppliers is found to be non-compliance of our principles, we will require that corrective action be taken.

8 Training.

Touchstone provides training to all new employees and is implementing training for new and existing goods and service providers. This updated training includes issues of forced labour and child labour. Our compliance policies and training materials are available to all employees on our intranet and copies are provided at the time of onboarding. Further, Touchstone's procurement managers are provided with training on the Supplier Evaluation and Appraisal process.

9 Assessing the effectiveness of our actions.

Touchstone is committed to addressing the risks of forced labour and child labour in our business and supply chains. Our HSSE Committee is responsible for overseeing compliance with legal and regulatory requirements, management's responsibility for assessing and reporting on the effectiveness of internal controls and our environmental, social, and governance strategies.

As described in this Report, Touchstone is in the process of implementing a number of measures that are aimed to prevent, assess, manage and reduce the risks of forced labour and child labour in our business and supply chains.

10 Approval and Attestation.

In accordance with the requirements of the Act, and in particular Section 11, I attest for and on behalf of the Board of Directors that I have reviewed the information contained in the report for the entities listed above. Based on the knowledge of the Board, having exercised reasonable diligence, I attest for

an on behalf of the Board that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act for the Reporting Period.

In accordance with the requirements of the Act, and in particular Section 11, I attest that I have reviewed the information contained in the Report for the Reporting Entities. 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 Period.



Touchstone Exploration Inc.

Per: Paul R. Baay
President, Chief Executive Officer and
Member, Board of Directors
May 31, 2024
"I have authority to bind Touchstone Exploration Inc."