



Modern Slavery Report 2024

This report (the “**Report**”) has been prepared in compliance with Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) and outlines the actions we have taken during the year ended December 31, 2024, to prevent and reduce the risk of forced labour or child labour occurring in our business. This Report has been prepared as a joint report and applies to Karve Energy Inc. and its sole subsidiary, DTC Energy Inc. The use of the words “Karve”, “Company”, “we”, “us” and “our” refers to both entities. This Report has not been prepared as financial or investment advice or to provide any guidance in relation to our future performance. Readers should review the disclaimers beginning on page 6 of the Report.

Introduction

Karve is committed to preventing the occurrence of forced labour and child labour, as such terms are defined in the Act, in our operations and supply chains. We do not tolerate child labour, forced labour or any other form of exploitation and we expect that our staff, service providers and suppliers share our commitment to ethical and responsible business practices and support our values.

Steps to Prevent and Reduce the Risks of Forced Labour and Child Labour:

Between January 1, 2024, and December 31, 2024, Karve took the following steps to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- our internal Modern Slavery Focus Group, composed of management representatives from our Operations, Sustainability, Human Resources, Risk & Compliance, Governance and Legal teams, met to review and implement a “Forced & Child Labour Questionnaire” as an onboarding measure within our services and supply chain group;
- engaged the services of external counsel to assess the legislative framework and advise Karve, and reviewed existing frameworks for management of forced labour and child labour risks, and similar frameworks, applied by Canadian peers; and
- we have mandated an annual review process concerning policies and procedures as they relate to risks and responsibilities associated with forced labour and child labour to ensure compliance with the Act.

Details of the above actions are set out in this Report.

Our Structure and Business

Karve is incorporated under the *Business Corporations Act* (Alberta) and is a private company. As of December 31, 2024, the Company’s sole subsidiary was DTC Energy Inc., which Karve holds 100% ownership in.

Karve is a private oil and natural gas company whose principal business activities are the acquisition, exploration and development of oil and natural gas properties in Western Canada. Karve is headquartered in Calgary, Alberta with a total of 59 employees between our field operations and corporate office.

Our Supply Chains

Karve’s supply chain includes businesses that supply goods and services to our organization, primarily encompassing various vendors, suppliers, contractors, and subcontractors involved in the procurement of goods and services necessary for our operations in developing and maintaining our conventional oil and gas properties.

In total, we procure goods and services from approximately 600 suppliers and contractors. The suppliers we engage include businesses that are primarily local and adhere to regulations in Canada for oil and gas production which are among the highest standards in the world.

In 2024, the vast majority of Karve's procurement activities related to the purchase of services in relation to its upstream oil and natural gas business. These services included well drilling and completion services. Karve also purchased manufactured goods such as valves, pipes, pumps, compressors and other engineered equipment.

Our Policies and Due Diligence Processes

Through our organizational and governance policies we communicate our values and expectations, setting a high bar for ourselves, our suppliers, and our business partners, and make it clear that we do not tolerate any forms of forced labour or child labour. We do not tolerate child, forced or bonded labour in any of our operations or by suppliers working with us. We are committed to consistently evolving and improving our approach. We make best efforts, including through carrying out due diligence to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. The following are the policies and due diligence processes that we put in place aimed at preventing and mitigating the risks relating to the use of forced labour or child labour in our supply chains.

(a) Policies

Code of Business Conduct and Ethics

The Company's Code of Business Conduct and Ethics (the "**Code**") reflects our commitment to a culture of honesty, integrity, accountability, fairness, diligence and respect in all business dealings and outlines the basic principles and policies with which all service providers are expected to comply. Karve is committed to ensuring at all times the enhancement of the good reputation of the Company and the promotion of best practices in relation to corporate governance and the Company's business in general. Consistent with that commitment, Karve will comply with all applicable employment, labour and human rights laws and regulations as well as with internationally proclaimed human rights principles, which includes but is not limited to the United Nations Universal Declaration of Human Rights and the International Labour Organization (ILO) conventions along with principles regarding child labour, modern slavery, human trafficking, humane treatment, minimum wage, working hours, overtime, days of rest, compensation and freedom of association.

The Code, which applies to all directors, employees and contractors of the Company, was recently amended to specifically address concerns regarding forced labour and child labour. All directors, employees and contractors of Karve are required to annually acknowledge receipt and review of the Code, and all persons new to the Company subsequently will be required to acknowledge receipt and review of the Code on commencement of their relationship with Karve. In addition, each service provider should endeavour to deal fairly with the Company's customers, suppliers, competitors and other service providers. No service provider should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Corporate Whistleblower Policy

The purpose of the Whistleblower Policy (the "**Policy**") is to provide Karve employees, officers, directors, contractors and external stakeholders with a mechanism by which they can anonymously raise concerns regarding financial and other matters, including violations of the Act. This Policy outlines how and where to submit a complaint or concern, who deals such a complaint or concern, and how that complaint or concern is expected to be handled, processed and documented.

The Whistleblower Policy applies to all employees, officers, directors, contractors and external stakeholders working for Karve.

(b) Due Diligence Processes

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take

steps to appropriately evaluate the relationship and mitigate associated risks by carrying out risk-based due diligence and checks.

We acknowledge that employees working in our supply chain are at potential risk of forced labour or child labour. In order to mitigate this risk, we intend to follow an ongoing due diligence approach that includes the following steps:

- monitoring and reviewing supply chains and business relationships;
- embedding responsible business conduct (EBC) into policies and management systems;
- identifying and assessing adverse impacts in operations;
- ensuring that all suppliers complete a self-assessment questionnaire to learn more about their practices and operations; and
- ceasing, preventing or mitigating adverse impacts, by training and raising awareness and understanding of forced labour and child labour among our employees and vendors as we track implementation and results, communicating how impacts are addressed and providing for or cooperating in remediation when appropriate.

Internal Modern Slavery Focus Group

Our Modern Slavery Focus Group aims to monitor the risks associated with forced labour or child labour in the Company's supply chains, to ensure compliance of its activities, including supply chains activities, with the legal requirements imposed by the Act, to improve supply chains practices and to track implementation and results of the various measures taken to reduce the risks associated with forced labour or child labour. The internal Modern Slavery Focus Group met in May 2024 to discuss and action objectives related to this report as well as the "Forced & Child Labour Questionnaire". The questionnaire was finalized and circulated to Karve suppliers via our compliance management platform ComplyWorks. On April 22, 2025, the focus group held a further meeting to discuss data from the "Forced & Child Labour Questionnaire" and next steps. The data returned via the "Forced & Child Labour Questionnaire" is currently being analyzed by the Focus Group to determine if any refinements can be made to the questionnaire for 2026.

Risks of Forced Labour and Child Labour in our Business and Supply Chains

Based on a review of our direct operations for the year ended December 31, 2024, we consider the risk of forced labour and child labour in our supply chains to be low. Karve engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labour in our business and supply chains, we refer to external compliance databases for smaller service providers and for larger organizations we engage with our peers, consult with external experts, map supply chains, conduct risk assessments, during our procurement process and annual review. To identify the business activities with the greatest exposure to these risks, we consider the following factors:

- reliance on low skilled workforce;
- dangerous or undesirable work;
- presence of migrant workers;
- presence of labour intermediaries;
- offshore production and sourcing of materials;
- long, complex, or non-transparent supply chains;
- presence of child labour; and
- jurisdictional risks including poverty, conflict, and enforcement of international human rights standards.

Our exposure to the risk of forced labour and/or child labour increases when we engage with third parties, particularly in categories such as protective equipment and clothing and construction materials sourced in whole or in part offshore through third parties.

Measures Taken to Remediate Forced or Child Labour

We are committed to upholding the highest standards of ethical conduct, including the prevention of forced labour and child labour in all aspects of our operations.

As a Canadian oil and gas company, we recognize our responsibility to ensure that forced labor or child labor is not used at any step of the production of goods, whether within Canada or abroad, by our entity or within our supply chains. Below outlines the ongoing steps taken to address and mitigate these risks since the promulgation of the Act:

- mapping our exploration and production activities;
- mapping our immediate supply chains;
- monitoring suppliers;
- gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily;
- developing and implementing 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;
- engaging with supply chain partners on the issue of addressing forced labour and/or child labour;
- gathering information from our suppliers through the Forced & Child Labour Questionnaire; and
- encouraging employees and stakeholders to report any concerns or suspicions of modern slavery.

Remediation Measures

In accordance with the Act, Karve has conducted an assessment of its activities and supply chain and has not identified any incident of forced labor or child labor being used. Therefore, we did not need to take any measures to remediate an incident of forced labour or child labour or to compensate for loss of income to vulnerable families.

The Company acknowledges the importance of vigilance and ongoing monitoring to ensure that modern slavery risks remain mitigated within our operations and supply chains. We are committed to regularly reviewing our risk assessments and implementing any necessary remediation measures should the need arise in the future.

The Code and Whistleblower Policy both require all employees, officer, directors, contractors and external stakeholders of Karve to report actual or possible misconduct. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business. In the event that we discover any forced labour or child labour in our business and supply chains, we may take one or more of the following measures to remediate such forced labour or child labour:

- actions to support victims of forced labour or child labour and/or their families such as workforce reintegration and psychosocial support;
- compensation for victims of forced labour or child labour and/or their families;
- actions to prevent forced labour or child labour and associated harms from reoccurring;
- grievance mechanisms; and
- formal apologies.

Training

Karve personnel at all levels are required to adhere to our Code and ensure that it is understood and properly applied to their daily activities. Every new employee of Karve must review and sign the Code and is informed of how to report wrongdoing under the Whistleblower Policy. We provide employees with ongoing and periodic training opportunities to ensure that all employees have current knowledge.

On an annual basis, all directors, employees and contractors of the Company are required to acknowledge review and compliance with Karve's governance policies, including the Code.

Supplier Engagement

We engage with our suppliers to raise awareness of modern slavery risks and provide guidance on implementing best practices for prevention and mitigation.

Measuring Our Effectiveness

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through the Whistleblower Policy and other informal mechanisms of employee feedback. To date no significant concerns or complaints have been identified.

We assess the effectiveness of our policies by:

- setting up a regular review of the organization's policies and procedures related to forced labour and child labour;
- tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and child labour clauses; and
- working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators.

Karve is committed to assessing and mitigating the risks of forced labour and child labour in our supply chain. We remain committed to continuous improvement.

Approval & Signature

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by Karve's Board of Directors effective May 14, 2025, and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our website at www.karveenergy.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. In my capacity as a Director of Karve, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

[signed] "Robert Chaisson"

Robert Chaisson

Director and Chief Executive Officer

I have the authority to bind Karve Energy Inc. and its subsidiary, DTC Energy Inc.

Disclaimers

This Report does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities.

Forward-Looking Information

Certain information in this Report may constitute forward-looking information and is subject to important risks and uncertainties. Specific forward-looking information in this Report includes, without limitation: statements relating to steps taken to prevent and reduce risks of forced labour and child labour; Karve's commitment to ensure compliance with labour and human rights laws and regulations as well as with international human rights principles; the implementation of policies and due diligence practices in relation to forced labour and child labour; intentions with respect to the Internal Modern Slavery Focus Group and work undertaken or proposed by the group; training provided to employees in respect of forced labour and child labour; supply channels; and other such matters. Forward-looking information may also include information regarding our respective future plans or objectives or other information that is not comprised of historical fact and includes statements that contain words such as "could", "should", "anticipate", "expect", "believe", "plan", "propose", "estimate", "intend", "project", "will", "may", "forecast", "outlook" and similar expressions suggesting future outcomes or events. These forward-looking statements are as of the date of this Report. Any such forward-looking information is based on information currently available to us and is based on assumptions we believe are appropriate in the circumstances.

However, such forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking information. These risks include but are not limited to: foreign exchange fluctuations; changes to general economic conditions in Canada; changes in the level of capital expenditures; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; political uncertainty and wars; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; changes in existing supply chains in response to the recent implementation of tariffs and other trade restrictions by the United States, Canada and internationally; volatility in market prices for oil and natural gas; increased competition; the Company's ability to access external sources of debt and equity capital; sourcing; pricing and availability of oil field services; availability of suppliers, facilities, and skilled management; technical and field personnel; liabilities and risks, including environmental liabilities; risks inherent in oil and natural gas operations; credit risk; and changes to the royalty regimes applicable to entities.

Although forward-looking statements contained in this Report are based upon what the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this Report are expressly qualified by this cautionary statement. Unless otherwise required by law, Karve does not intend, or assume any obligation, to update these forward-looking statements.