

2024

Modern Slavery Report

July 28, 2025

Fighting Against Forced Labour and Child Labour in Supply Chains Act Parex Resources Inc. – 2024 Modern Slavery Report

1. Introduction

This report is prepared pursuant to section 11 of Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (Modern Slavery Act) by Parex Resources Inc. (the "Reporting Entity", "Corporation", the "Company", Parex", or "It") for the reporting period of January 1, 2024 to December 31, 2024. Statements regarding Parex's operations, assets, and values apply only to its operated assets, unless stated otherwise.

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

Parex makes all reasonable efforts to prevent the Company's activities from causing, contributing, or being linked to adverse impacts on human rights, including forced labour and child labour; and, if they occur, endeavors to mitigate or repair the impacts. In 2024, the Company took the following steps to prevent and reduce the risk of potential adverse human rights impacts, which may include the use of modern slavery, across its operations and supply chain. The Company:

- Enhanced labour audit processes of Parex's contractors to specifically screen for human rights risks and work environment conditions; and performed labour audits on over 100 contractors resulting in no findings of forced or child labour incidents.
- Updated the community grievances screening criteria to flag potential human rights impacts, including modern slavery.
- Initiated a human rights impacts assessment in Casanare, and a review of red flag indicators of human rights risks in Gibraltar to progress Parex's assessment of risks and potential impacts in operations and supply chains.
- Offered a third-party led educational workshops to raise awareness and build competency for senior management and staff from key business units on modern slavery risks.
- Provided annual mandatory awareness and compliance training to all employees on corporate policies, including the Company's Code of Conduct. In Colombia, employees participated in an additional 1-hour training session on human rights and modern slavery facilitated by the UN Global Compact.
- Worked with third-parties in Colombia to build capacity and raise awareness on human rights among security forces, contractors, and vendors.

The above steps are discussed in detail in subsequent sections of this report.

3. Structure, activities and supply chains

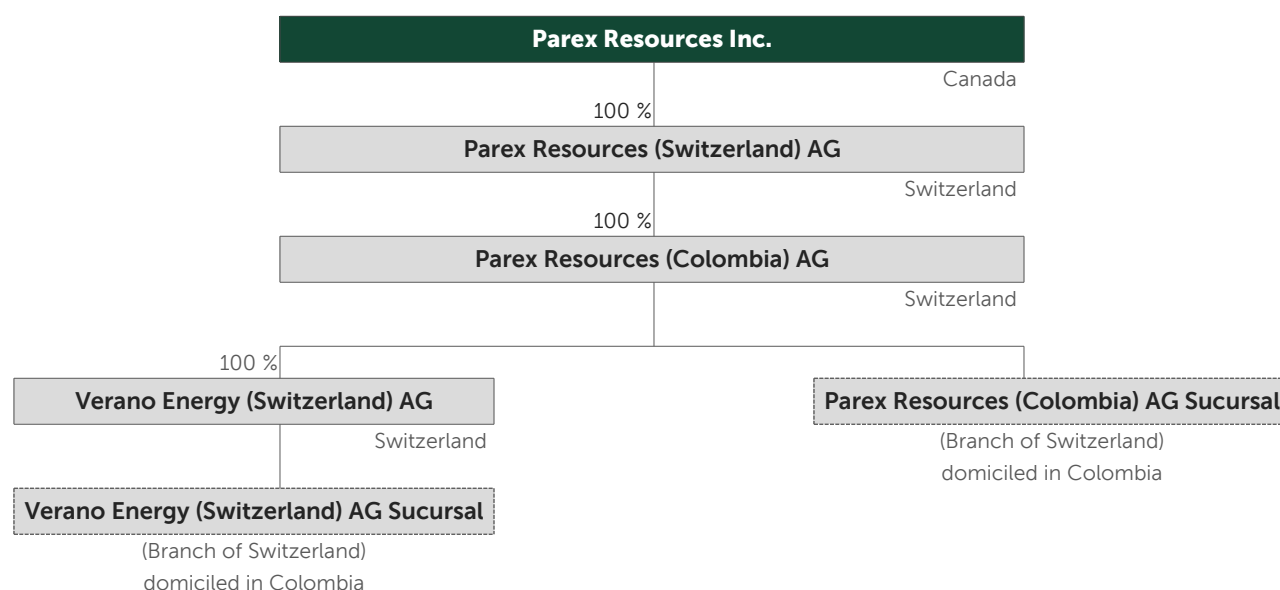
3.1. Parex's structure

Parex is a leading independent oil and gas company in Colombia, focusing on sustainable, conventional oil and gas exploration, development, and production. With its headquarters in Calgary, Canada, and an operating office in Bogotá, Colombia, the Company strives to deliver shareholder return as well as partner with community stakeholders to achieve long-term benefits.

Parex is listed on the Toronto Stock Exchange (TSX:PXT) and is widely held. In 2024, Parex's workforce comprised 448 employees, 88 were based in Canada and 360 were based in Colombia.

The Company has six direct or indirect wholly-owned subsidiaries. The following chart illustrates Parex's organizational structure, including only material subsidiaries and its Colombian branches.

Exhibit A: Parex Resources Inc.'s Corporate Structure



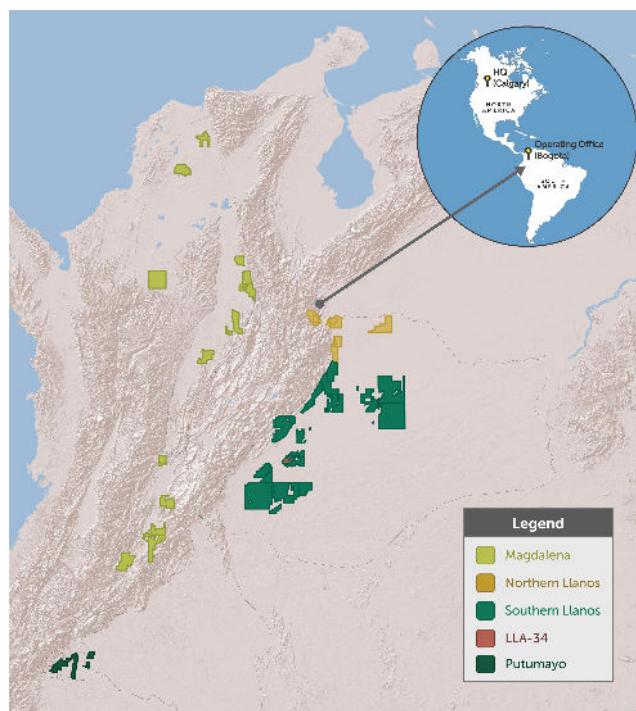
The above organizational structure facilitates Parex's business as a multi-jurisdictional company whose operations are located outside of Canada. The subsidiaries of Parex are incorporated in Switzerland and operate exclusively in Colombia through branches. The Company currently has two Colombian branches and conducts all its activities in Colombia through these two branches.

3.2. Parex's operations and activities

In support of its Colombia-focused strategy, Parex is leveraging industry-proven technology and unlocking the Company's extensive land base of approximately 6.9 million gross acres¹. As the largest independent landholder² in Colombia, the Company is developing sustainable assets and capturing exploration upside, while managing shareholder risk and reward.

Parex is the operator on all, but one, of its 45³ oil and gas properties located in Colombia's Llanos, Magdalena, and Putumayo basins (see Exhibit B). As of December 31, 2024, the Company had US \$2,155 million in total assets, US \$1,280 million in oil & gas sales, 49,924⁴ barrels of oil equivalent per day in oil & gas natural gas production, and 112⁵ million barrels of oil equivalent of proved reserves. Most of Parex's produced oil and natural gas is sold in Colombia.

Exhibit B: Parex's Principal Properties in Colombia



¹ Excluding blocks that the Company's is planning to relinquish

² Parex is the largest independent landholder in Colombia when compared against independent Colombian oil and gas producers

³ Excluding blocks that the Company's is planning to relinquish

⁴ Consisting of 8,850 bbl/d of light crude oil and medium crude oil, 40,336 bbl/d of heavy crude oil, and 4,428 Mcf/d of conventional natural gas

⁵ Consisting of 30,138 Mbbl of light crude oil and medium crude oil, 76,788 Mbbl of heavy crude oil, 1,207 Mbbl of natural gas liquids, and 23,915 MMcf of conventional natural gas

3.3. Parex's supply chain

Parex is committed to sourcing goods and services from local partners in order to support the local economy, foster local employment, promote community development, and secure its social license to operate. Throughout its operating activities, Parex relies on local and international contractors and vendors ("suppliers") to gain access to raw materials, equipment, labour, and technical and professional expertise and services. This reliance on third-parties for goods and services may link the Company to the risk of modern slavery within its operations and supply chain. To mitigate against such risk, Parex undertakes due diligence processes to ensure it only conducts business with reputable and reliable companies that demonstrate a strong record of compliance with labour laws and share the Company's values.

Parex's procurement team in Colombia oversees the majority of the Company's bidding and purchasing activities. This team manages and negotiates contracts that include appropriate compliance clauses.

In 2024, Parex's supply chain included over 1,400 direct suppliers from 17 countries. Approximately 93% of the Company's supplier spend went to Colombian-based or Colombian subsidiaries of international companies, with the remaining 7% going to international companies. The Company's suppliers provided various goods and services in 2024 and came from several sectors, including the oil & gas drilling and servicing sector.



4. Policies and due diligence processes

4.1. Policies

Parex is committed to respecting and promoting human rights in line with the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Fundamental Principles and Rights at Work. Parex's suppliers play a role in the Company's commitment to carry out its business activities in an ethical, legal, and responsible manner. As part of the Company's commitment, suppliers are expected to uphold Parex's corporate policies and values.

Outlined below are the relevant policies, governing corporate behaviours and the Company's expectations of third-parties pertaining to respecting human rights.

- **Human Rights Policy:** outlines the Company's commitments, which are guided by the UN Guiding Principles on Business and Human Rights, to respect individual human rights across its operations, with a strong focus on labour rights and access to grievance mechanisms. The Policy clearly states that Parex rejects and strives to prevent all forms of forced labour and child labour in its activities as well as those carried out by its suppliers.
- **Code of Conduct:** establishes specific business principles governing the conduct and ethics of directors, officers, employees, consultants, and contractors while performing responsibilities related to the Company's business.

- **Suppliers and Contractors Guidelines:** set standards, including employment and human rights standards, which Parex holds its suppliers accountable for. These include respecting human rights and dignity of all individuals and ensuring healthy work environments. Parex's Suppliers & Contractors Guidelines were established in compliance with labour regulations and the Company's employment policy. As previously stated, Parex expects its suppliers to reject and prevent all forms of forced labour and child labour in their activities.
- **Whistleblower Policy:** outlines the anonymous mechanism that any of Parex's stakeholders can use to report their concerns regarding possible violations of the Company's corporate Code of Conduct, policies, values, and applicable laws without fear of reprisal.
- **Violence and Harassment Prevention Policy:** recognizes that workers have the right to a workplace that is free of violence and harassment; and sets out Parex's commitment to provide a safe work environment in which workers are treated with respect and dignity.

In addition, as a signatory of the United Nations Global Compact (UNGC), Parex is committed to managing its activities in a manner that observes the UNGC's fundamental principles on human rights, labour rights, environmental protection, and anti-corruption.

All the corporate policies are available on the Company's [vendor portal](#); and Parex proactively communicates these expectations to its suppliers and contractors.

4.2. Due Diligence Process

Parex has a rigorous due diligence process that includes carrying out risk assessments on its counterparts.

- **Pre-contract:** The Company completes a credit risk analysis and conducts screening of fraud, bribery, corruption, money laundering, and the financing of terrorism risks, through a specialized third-party, as part of its compliance due diligence process. When contracting operationally high-risk activities, business units in charge of those activities conduct additional health and safety verifications at counterparts' facilities.
- **During contract execution:** Parex's contracts and agreements templates include standard clauses on audit, ethics, and compliance, as well as the commitment that contractors abide by the Company's annexed corporate policies, including the Human Rights Policy, and comply with all applicable laws, rules, and standards.

Business units assess contractors' practices and performance. During the initial assessment of the contract, Parex collects and reviews information about suppliers' compliance with labour laws, employment welfare standards and specific local requirements prior to hiring local people and/or procuring goods and services locally. Although these risk assessments do not directly screen for the use of forced labour or child labour, they include a review of certain labour practices, such as minimum wage compliance, payment practices, and community grievances, which represent indicators for assessing potential human rights impacts.

Parex does not use any staffing agencies that charge fees to prospective employees, including but not limited to placement fees or immigration processing fees. It is the Company's practice to cover expenses when working with recruiters to find potential job candidates. With regards to third-party contractors in Colombia, Parex requires they hire their personnel through the National Public Recruitment System (SPE), an official recruitment channel for local citizens, to prevent job seekers from being charged recruitment fees to gain employment with the Company's contractors.

The Company is committed to assessing, monitoring, and managing labour risks and working conditions in its operations and supply chain to ensure dignified and respectful treatment of all workers. In 2024, Parex commissioned an independent human rights and social risk expert to review its labour audits criteria to specifically screen for forced labour and child labour. The Company implemented the recommended screening criteria from that review in its labour audits of over 100 contractors during the reporting period and did not find any incident of modern slavery.

5. Forced labour and child labour risks identification

A high-level analysis of Parex's 2024 supplier spend highlighted that approximately 93% of the Company's direct suppliers are from Colombia followed by Canada, China, the USA, and the UK. No expenditures on goods and services were from suppliers located in countries most vulnerable to or with a high prevalence of modern slavery as listed on the [Global Slavery Index](#). Parex recognizes that its exposure to modern slavery risk may go beyond direct suppliers' origins; therefore, the Company will continue to assess its risk exposure using additional screening factors, including the type of and the origin for goods and labour.

During 2024, Parex focused on training activities to build capacity among its vendors and to prevent potential human rights risks identified during the 2023 human rights impacts assessment pilot in Middle Magdalena. Additionally, Parex ran two Human Rights risk and impact analyses. The Fundación Ideas para la Paz (FIP) conducted one analysis in Casanare; and the Centro Regional de Empresas y Emprendimientos Responsables (CREER) performed the second analysis in Gibraltar using a red flag methodology. Both FIP and CREER are recognized third-parties in Colombia for their expertise on business and Human Rights. Outcomes of the two analyses will allow Parex to further expand the identification of the potential risks to be addressed in its operations and supply chain.

6. Remediation measures

As a company, Parex makes all reasonable efforts to prevent its activities from causing, contributing, or being linked to adverse human rights impacts (including forced labour and child labour) and, if they occur, the Company endeavors to mitigate or repair the impact. In 2024, Parex did not identify any adverse and actual human rights impacts resulting in forced labour or child labour linked to its activities and supply chain; consequently, no remediation measures were taken.

Parex encourages all of its stakeholders to report their concerns and raise their grievances, through the Company's Whistleblower Ethics Hotline and/or the Company's operational-level grievance mechanism ("PQR"). All reports are promptly reviewed, with appropriate actions, including investigations, taken as necessary.

Through the PQR mechanism, field-based workers and community stakeholders report potential impacts of Parex's activities on their rights. This mechanism is a source for identifying potential impacts, including human rights impacts that are directly or indirectly linked to the Company's operations or supply chain. Parex also uses the PQR mechanism to manage, analyze, and resolve identified impacts. During 2024, Parex reviewed and updated the PQR screening criteria to identify grievances related to human rights issues, especially forced labour and child labour issues. No grievances were flagged as potential impacts on human rights.

7. Remediation of loss of income

Parex has not yet identified any loss of income affecting vulnerable families that could be linked to its efforts to prevent and reduce the risk of forced labour and child labour. Thus, the Company has not taken any measures for remediating such loss.

8. Training

During onboarding and annually, as part of mandatory compliance certification, all Parex's employees participate in training that assesses their knowledge and understanding of the Company's Code of Conduct and other corporate policies. The Company's self-directed mandatory online training was developed internally and comprises a review of corporate policies followed by a brief test on each policy. This training lasts 30 minutes or more depending on an individual's abilities. In 2024:

- Senior management and the staff from key business units participated in educational workshops, led by a third-party expert in human rights and social risk, to raise awareness and build competency on modern slavery risks. The staff were representatives from Compliance & Legal, Health & Safety, Political Affairs & NGOs, Procurement, Security, and Sustainability.

- 96% of Parex employees signed-off on the Code of Conduct after being assessed on expected behaviours, including the respect and protection of human rights and civil liberties.
- 343 Colombian-based employees (or 77% of Parex's total workforce) participated in a 1-hour mandatory in-person or online training course on Human Rights and modern slavery provided through the UN Global Compact.
- 100% of Parex's employees participated in at least one training session that included learning on anti-Sexual harassment. Training sessions include a review of Parex's current Violence and Harassment Prevention Policy.

In collaboration with strategic partners, including the Casanare Chambers of Commerce, Guías Colombia, and other energy companies, Parex encouraged contractors to participate in training on human rights and modern slavery. In 2024, approximately 40 local companies in Casanare were trained. Also, the Company worked with the National Ombudsman Office in Colombia to build capacity and raise awareness on human rights in over 100 security forces scheduled to begin work in the Arauca region.

9. Assessing effectiveness in ensuring that forced labour and child labour are not used

No actions have been taken to assess Parex's effectiveness in preventing and reducing incidents of forced labour and child labour in its activities and supplies chains.

10. Looking forward

Preventing and addressing modern slavery risks in the Company's operations and supply chain is an ongoing process that requires continued monitoring, evaluation, and improvement. Parex is committed to conducting business in a manner that prohibits modern slavery. Parex will continue to respect and promote human rights and act with integrity in its operations and business dealings.

Approval & Attestation

This report was approved pursuant to subparagraph 11(4)(a) of Canada's *Fighting Against Forced Labour and Child Labour Act* (Act) by the Board of Directors of Parex Resources Inc.

"In accordance with the requirements of the Act, and in particular section 11 thereof, I, in the capacity of President and Chief Executive Officer, attest that I have reviewed the information contained in the report on behalf of the governing body of 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 within this report."

I have the authority to bind Parex Resources Inc.



Imad Mohsen

President & Chief Executive Officer

July 28, 2025

Cautionary Note Regarding Forward-Looking Information

This report contains certain statements that may constitute forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements may be identified by words like "intends", "may", "could", "should", "would", "plans", "will", "seek" and similar expressions. This information includes, but is not limited to: Parex's plans and strategy with respect to protecting human rights, evaluating and assessing its processes regarding modern slavery (including its reporting process, due diligence activities and policies), and mitigating the risk of forced labour and child labour within its operations and supply chain; its plans with respect to employee training and awareness; its intention to source goods and services from local partners in the jurisdictions that it operates in to stimulate the local economy; and its business plans and strategy, including its intention to utilize industry-proven, but new-to-Colombia technology to deliver sustainable, reliable energy to the world while targeting best-in-class shareholder returns and partnering with community stakeholders to achieve long-term local benefits.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic conditions in Canada and Colombia; industry conditions including changes in laws and regulations and including adoption of new environmental and/or human rights related laws and regulations, and changes in how they are interpreted and enforced in Canada and Colombia; lack of availability of qualified personnel and/or goods at the local level; the results of exploration and development drilling and related activities; risks associated with the estimation of reserves; the risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; risks associated with receiving untruthful or inaccurate responses or information from suppliers and/or other partners; and risks regarding changes in Parex's supply chain due to operating requirements or the availability of materials, goods and services. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Parex's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca).

Although the forward-looking statements contained in this document are based upon assumptions which Management believes to be reasonable, Parex cannot assure readers that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, Parex has made assumptions regarding, among other things: that Parex will be able to conduct its operations as planned; the availability of skilled labour; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of Parex's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that Parex will receive truthful and accurate answers or information from suppliers and/or other partners; and that any potential changes in Parex's supply chain will not affect its plans and strategy as described herein.

The forward-looking statements contained in this report are made as of the date hereof and Parex undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Reserve advisory

Certain reserves information contained in this report is based upon an evaluation (the "GLJ Report") prepared by GLJ Ltd. ("GLJ") dated March 4, 2025 and effective December 31, 2024. The report was prepared in accordance with the definitions, standards, and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and the National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). All December 31, 2024 reserves presented are based on GLJ's forecast pricing effective January 1, 2025.

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