



Prairie Mines & Royalty ULC

# **2023 Report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)**

May 31, 2024

This report has been prepared by Prairie Mines & Royalty ULC in response to the reporting requirements under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for our financial year ending December 31, 2023.

Reporting Requirement	Response
<b>Identifying information</b>	
1. This report is for which of the following? (Required)	Entity
2. Legal name of reporting entity or government institution (Required)	Prairie Mines & Royalty ULC
3. Financial reporting year (Required)	Jan.1.2023 – Dec.31.2023
4. Is this a revised version of a report already submitted this reporting year? (Required)	No
5. For entities only: Business number (Not Required):	
6. For entities only: Is this a joint report? (Required)	No
7. For entities only: Is the entity also subject to reporting requirements under supply chain legislation in another jurisdiction? (Required)	No
8. For entities only: *Which of the following categorizations applies to the entity? Select all that apply. (Required)	<ul style="list-style-type: none"> <li>• <b>Canadian business:</b> <ul style="list-style-type: none"> <li>○ <b>Has a place of business in Canada</b></li> <li>○ <b>Does business in Canada</b></li> <li>○ <b>Has assets in Canada</b></li> </ul> </li> <li>• <b>Meets size-related thresholds:</b> <ul style="list-style-type: none"> <li>○ <b>Has at least \$20 million in assets for at least one of its two most recent financial years</b></li> <li>○ <b>Has generated at least \$40 million in revenue for at least one of its two most recent financial years</b></li> <li>○ <b>Employs an average of at least 250 employees for at least one of its two most recent financial years</b></li> </ul> </li> </ul>
9. For entities only: Which of the following sectors or industries	<ul style="list-style-type: none"> <li>• <b>Mining</b>, quarrying, and oil and gas extraction</li> <li>• <b>Manufacturing</b></li> </ul>

<p>does the entity operate in? Select all that <b>apply</b>. (Required)</p>	
<p>10. For entities only: In which country is the entity headquartered or principally located? (Required)</p> <p>10.1 If in Canada: In which province or territory is the entity headquartered or principally located? (Required)</p>	<p>The Company is incorporated in Alberta with its registered office in Edmonton, Alberta. It has operations in Alberta and Saskatchewan.</p>
<b>Annual Report</b>	
<p>1. What steps has the entity taken in the 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 entity or of goods imported into Canada by the entity? Select all that apply. (Required)</p>	<ul style="list-style-type: none"> <li>• <b>Information not available for this reporting period</b></li> </ul>
<p>2. Please provide additional information describing the steps taken (if applicable).</p>	<p>The Company has been informally mapping out parts of its broader supply chains through ad hoc discussions about product origins. These conversations have previously focused on general supply chain risks rather than specifically addressing forced and child labour. In the weeks leading up to this submission, the Company initiated conversations with its key Tier 1 suppliers, discovering that many had existing guidelines on this issue.</p> <p>To address these issues more effectively, the Company partnered with an external consultant in early 2024. The consultant helped identify a subset of Tier 1 suppliers based on FY23 spend and address information. A.I. techniques and buyer-supplier relationships were employed to extrapolate Tier 2 and Tier 3 supplier information. This data was cross-referenced with reputable sources, such as the US Department of Labor's lists of high-risk geographies and industries for forced or child labour, to determine the Company's potential exposure.</p>

	<p>This exercise involved the following activities:</p> <ul style="list-style-type: none"> <li>• Mapping supply chains.</li> <li>• Contracting an external assessment of the risks of forced and/or child labour in the organization’s activities and supply chains.</li> <li>• Prioritizing due diligence efforts on the most severe risks of forced and child labour.</li> </ul>
<p>3. Which of the following accurately describes the entity’s structure? (Required)</p>	<ul style="list-style-type: none"> <li>• <b>Corporation</b></li> </ul>
<p>4. Which of the following accurately describes the entity’s activities? Select all that <b>apply</b>. (Required)</p>	<ul style="list-style-type: none"> <li>• <b>Producing goods</b> (including manufacturing, extracting, growing and processing) <ul style="list-style-type: none"> <li>○ <b>in Canada</b></li> </ul> </li> <li>• <b>Selling goods</b> <ul style="list-style-type: none"> <li>○ <b>in Canada</b></li> </ul> </li> <li>• <b>Importing into Canada goods produced outside Canada</b></li> </ul>
<p>5. Please provide additional information on the entity’s structure, activities and supply chains (Optional).</p>	<p><u>Structure</u>  The Company is a wholly owned subsidiary of Westmoreland Mining Holdings LLC, a privately held company incorporated in the State of Delaware in the United States. The Company has operations in Alberta and Saskatchewan, with approximately 1,000 employees.</p> <p><u>Activities</u>  The Company owns and operates thermal coal mines in Alberta and Saskatchewan, produces a char product used to manufacture barbecue briquettes, and is a joint-venture partner in the production of an activated carbon product.</p> <p>The Company’s sells its products in Canada. Some of the Company’s products are then exported by the Company’s customers to the United States and Japan.</p> <p>The Company periodically imports equipment and materials into Canada from the United States.</p> <p><u>Supply Chain</u>  The Company primarily procures goods and services required for its operations from suppliers strategically located in close proximity to our operational sites in Western Canada.</p>

<p>6. Does the entity currently have policies and due diligence processes in place related to forced labour and/or child labour? (Required)</p>	<p>No</p>
<p>7. Please provide additional information on the entity's policies and due diligence processes in relation to forced labour and child labour (if applicable).</p>	<p>Information not available for this reporting period.</p>
<p>8. Has the entity identified parts of its activities and supply chains that carry a risk of forced labour or child labour being used? (Required)</p> <p>8.1 If yes, has the entity identified forced labour or child labour risks related to any of the following aspects of its activities and supply chains? Select all that apply. (Required)</p>	<ul style="list-style-type: none"> <li>• <b>Yes, we have started the process of identifying risks, but there are still gaps in our assessments.</b></li> </ul> <p>If yes...</p> <ul style="list-style-type: none"> <li>• <b>The raw materials or commodities used in its supply chains</b></li> <li>• <b>Tier two suppliers</b></li> <li>• <b>Tier three suppliers</b></li> </ul>
<p>9. Has the entity identified forced labour or child labour risks in its activities and supply chains related to any of the following sectors and industries? Select all that apply. (Required)</p>	<ul style="list-style-type: none"> <li>• <b>Agriculture, forestry, fishing and hunting</b></li> <li>• <b>Mining, quarrying, and oil and gas extraction</b></li> <li>• <b>Manufacturing</b></li> </ul>
<p>10. Please provide additional information on the parts of the entity's activities and supply chains that carry a risk of forced labour or child labour being used, as well as the steps that the entity has taken to assess and manage that risk (if applicable).</p>	<p>The risk evaluation conducted in the beginning of 2024 revealed that only a portion of Tier 2 and Tier 3 suppliers were procuring goods from regions and sectors known for forced and/or child labor. It's important to clarify that the assessment highlighted potential risk exposure only, not verified instances. Acknowledging the Company's stance on addressing forced or child labor, the Company remains committed to continue to oversee and address this potential risk.</p>
<p>11. Has the entity taken any measures to remediate any forced labour or child labour in its activities and supply chains? (Required).</p>	<ul style="list-style-type: none"> <li>• <b>No, we have not taken any remediation measures.</b></li> </ul>

<p>12. Please provide additional information on any measures the entity has taken to remediate any forced labour or child labour (if applicable).</p>	<p>Information not available for this reporting period.</p>
<p>13. Has the entity taken any measures 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? (Required)</p>	<ul style="list-style-type: none"> <li>• <b>Not applicable, we have 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.</b></li> </ul>
<p>14. Please provide additional information on any measures the entity has 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 (if applicable).</p>	<p>Information not available for this reporting period.</p>
<p>15. Does the entity currently provide training to employees on forced labour and/or child labour? (Required)</p>	<p>No</p>
<p>16. Please provide additional information on the training the entity provides to employees on forced labour and child labour (if applicable).</p>	<p>Information not available for this reporting period.</p>
<p>17. Does the entity currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains? (Required)</p> <p>17.1 If yes, what method does the entity use to assess its effectiveness? Select all that apply. (Required)</p>	<p>Yes</p> <p>If yes, ...</p> <ul style="list-style-type: none"> <li>• <b>Partnering with an external organization to conduct an independent review or audit of the organization's actions</b></li> </ul>
<p>18. Please provide additional information on how the entity</p>	<p>This year's risk assessment focused on pinpointing our most crucial Tier 1 suppliers,</p>

<p>assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains (if applicable).</p>	<p>representing approximately 50% of our FY23 annual supplier expenditure. Subsequent identification of Tier 2 and Tier 3 suppliers involved leveraging a dataset of buyer-supplier relationships and A.I. techniques. These suppliers were then evaluated against various credible sources that highlight geographic and industry-level risks for child or forced labour, rather than specific entities or confirmed instances of modern slavery. This approach effectively gauged potential risk exposure but did not confirm any verified instances of forced or child labour. Consequently, additional due diligence by the Company may be necessary in the future to continue monitoring and managing these potential risks. The external partner also assessed our current policies and procedures to support us in completing this report, subsequently identifying gaps, and providing supporting materials to help us potentially address some of those gaps in the future.</p>
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**ATTESTATION**

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. 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 Prairie Mines & Royalty ULC”



Scott Sturm  
President – Prairie Mines & Royalty ULC  
Chief Operating Officer – Westmoreland Mining Holdings LLC  
May 31, 2024