

**Sprague Operating Resources LLC**  
**Canadian Forced Labour/Child Labour Template**

**Report Under the Fighting Against Forced Labour in Supply Chains Act**

**Sprague Operating Resources LLC**

Business ID # (NEQ): 1167272468

Categorization According to the Act: Meets Size-Related Thresholds  
Wholesale trade

Portsmouth, NH, USA

Financial Year Ended December 31, 2023

## **Forced Labour and Child Labour Report 2023**

This report is made in accordance with the Canadian *Act to Enact Fighting Against Forced Labour and Child Labour in Supply Chains* (the “**Act**”) and relates to the financial year ending 31 December 2023 (“**Report**”).

Unless expressly stated otherwise, references to “Sprague”, “we”, “us” and “our” refer to Sprague Operating Resources LLC. This Report sets out the steps that Sprague has taken to manage the risks of forced labour or child labour occurring in its business and supply chains in 2023. It further sets out the additional steps that it intends to take over the coming year.

Sprague is managed with a long-term perspective of providing sustainable benefits for the communities in which we live and operate. We are committed to conducting our business with the highest standards of integrity and ethics and strive to create sustainable value for our stakeholders. Our values guide our business decisions and actions and are the foundation of our sustainability efforts. We are committed to acting with integrity when conducting our business and to improving our practices to prevent forced labour and child labour.

### **I. Measures to prevent and reduce the risks of forced labour and child labour**

In the 2023 fiscal year, we took the following measures to prevent and reduce the risk of forced labour or child labour in our activities and supply chains:

We trained our employees on our Corporate Code of Business Conduct and Ethics which describes our objective to uphold ethical standards in our corporate activities and comply with all applicable regulations. In addition, our risk management policy also requires adherence to these standards.

### **II. Supplementary Information**

#### **1. Our operations, structure and supply chain**

##### **Our operations**

Sprague is engaged in the purchase, storage, distribution and sale of refined petroleum products, renewables and natural gas. Sprague also provides storage and handling services for a broad range of materials.,

Sprague is one of the largest independent wholesale distributors of refined products in the Northeast United States based on aggregate terminal capacity. Products include distillates, gasoline, renewable fuels, residual fuel oil, and coal. We own, operate and/or control a network of refined products and materials handling terminals and storage facilities predominantly located in the Northeast United States from New York to Maine and, through our subsidiaries, in Quebec, Canada.

In our natural gas business, we purchase, sell and distribute natural gas to commercial and industrial customer locations across 16 states in the Northeast, the Mid-Atlantic United States.

Sprague provides materials handling services, consisting of the movement of our customers’ raw materials and finished goods through our waterfront terminals. Services offered include vessel discharging and loading, weighing and unitizing, short- or long-term storage, inventory management, unit tracking,

receiving and loading out via rail or truck, stockpile maintenance as well as bulk, break-bulk, heavy lift and liquid transfer.

### **Our organization structure**

Sprague Operating Resources LLC is a limited liability company duly formed in the State of Delaware, USA with its headquarters in Portsmouth, NH, USA. At December 31, 2023, Sprague did not have any employees. However, pursuant to a services agreement Sprague Resources GP LLC, the general partner to Sprague's parent company, Sprague Resources LP, employed approximately 630 full-time employees that provided services to Sprague.

### **Our supply chains**

Our supply chains primarily involve sourcing refined petroleum and other hydrocarbon products, natural gas and renewable energy commodities from trading counterparties.

**Refined Products: List of Products:** 605 (No. 6 oil, 0.5% Sulfur maximum); 4Oil; 603LP (No. 6 oil, 0.3% Sulfur maximum, low pour); B-100; B-99.9; CBOB; Ethanol; Jet; PBOB; RBOB; Renew Dsl; Resid Cutterstock; ULSD #2; ULSH; ULSK #1; ULSK #1-NTDF (off-road, i.e. non-transportation delivery fuel).

**Number of Suppliers:** 45. **Country Sources of Products:** US; Canada; Kuwait; Qatar; Singapore; Germany; Spain.

We have zero tolerance to slavery and human trafficking. Sprague does not have a separate procurement function. Counterparty suppliers are engaged by the various business units and due diligence checks are performed by the credit team as described in Section 3 below.

## **2. Our policies on forced labour and child labour**

Sprague is committed to ensuring that there is no forced labour or human trafficking in its supply chains or in any part of its business. Sprague does not currently maintain a policy on forced labour or child labour; we do, however, have a Corporate Code of Business Conduct and Ethics that reinforces our commitment to respecting employees' rights and to engaging in ethical conduct in our business practices.

We plan to review our practices in the area of forced and child labour as part of a broader assessment of our compliance program.

## **3. Due diligence processes for slavery and human trafficking**

Sprague conducts due diligence on its trading counterparties, via its credit review process, prior to entering into a business relationship. Depending on the risk profile of a counterparty, a varying level of due diligence will be conducted. The risk profile will be determined by a number of factors, including the type of counterparty, nature of their business, the type of relationship we are entering into and the jurisdiction within which they operate. Due diligence also includes a sanctions screening prior to initial onboarding. Any issues of concern from the due diligence activities are escalated within Sprague.

We will continue to refine these processes and look at incorporating human rights, modern slavery and child labour into the risk assessment of our counterparties in a more systematic manner.

#### **4. Risk assessment and management**

As we undertake risk assessments of our operations, we believe that there is low risk of modern slavery or child labour in our own operations. This conclusion is based on assessments of the primary locations in which we operate, the United States and Canada, combined with the skilled business we conduct and our human resource hiring practices.

Based upon a desktop analysis of the U.S. Department of Labor’s List of Goods produced by Child Labour or Forced Labour<sup>1</sup>, we recognize that there may be heightened human rights related risks in our supply chains associated with the purchase of coal as well as particular countries in which commodities are sourced.

Sprague has a strong commitment to acting ethically and with integrity in our commercial relationships; and, as our business and footprint expands, as part of this commitment, we will work towards implementing and enforcing effective systems and controls that ensure forced labour and child labour is not taking place in our supply chains.

As a result, we continue to identify various steps, as set out in Section 8, to mitigate such risks.

#### **5. Our effectiveness in combating forced labour and child labour/key performance indicators**

Sprague does not yet have a formal process for measuring effectiveness in the mitigation and prevention of forced and child labour risks other than a periodic review of our activities and suppliers. As Sprague builds out its forced labour and child labour compliance program, we seek to put in place a set of key performance indicators (“KPIs”) that will give us insight into the performance of our organization and the effectiveness of our compliance with the Act. Although we have yet to undertake this work, it is anticipated that some of the KPIs would include statistics relating to forced labour, child labour and human rights training and other ethical training.

The Risk Committee of Sprague has oversight of management’s work regarding child labour and forced labour and compliance with relevant legislation, and will receive an update annually regarding risks and progress against identified recommendations.

#### **6. Training**

Sprague’s intention is to provide relevant training to higher risk staff as appropriate. This training will need to be developed in conjunction with the review of the Sprague’s compliance program. Any such training will apply to employees based on an assessment of the forced labour and child labour risks they encounter in performing their role.

#### **7. Grievance mechanism and remediation**

Sprague is committed to the highest levels of ethics and integrity in the way that we do business. We recognize our responsibility to report unethical behavior or voice any concerns. To facilitate this Sprague has established a Whistleblower Hotline for employees and third parties to report misconduct, including related to human rights, forced labour and child labour risks. The Whistleblower Hotline is an anonymous

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<sup>1</sup> <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

and secure, web and telephone-based service delivered by an independent, third-party. The service is available 24 hours a day, seven days a week. Sprague will take all reports made through this system seriously.

In 2023, Sprague did not have any complaints of forced labour or child labour. Accordingly, no measures were required to (i) remediate any forced labour or child labour or (ii) remediate any loss of income to the most vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour.

## **8. Next steps**

Sprague anticipates taking the following steps to further combat forced labour and child labour:

- Implement a forced labour/child labour policy
- Consider implementing a supplier due diligence process to include screening for additional forced labour and child labour risk.
- Conduct a more detailed risk mapping exercise of the risks Sprague has with regard to forced labour and child labour at any step of our production of goods and those imported into Canada; and,
- Conduct targeted training to executives and all employees in supply chain roles about forced child labour.

### **Sprague Operating Resources LLC**

This Report was approved by the Chief Compliance Officer of Sprague Operating Resources LLC in accordance with subparagraph 11(4)(a) of the Act.

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 Sprague Operating Resources LLC. 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 listed above.

*Paul A. Scoff*

Paul A. Scoff

Title: Vice President, General Counsel, Chief Compliance Officer, & Corporate Secretary

“I have the authority to bind Sprague Operating Resources LLC.”

Date: 5/31/2024