

Cathedral Energy Services Ltd. Modern Slavery Report

1. Introduction

This joint report (the “Report”) is the first Modern Slavery Report prepared under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Act”) prepared and filed by Cathedral Energy Services Ltd. and certain of its subsidiaries listed below (collectively “Cathedral” or the “Company” or “we” or “our”). It covers the Company’s most recently completed financial year ending December 31, 2023 (“Reporting Period”). The subsidiaries covered by this Report are the following:

- Cathedral Energy Services, Inc.
- Altitude Energy Partners, LLC.
- Rime Downhole Technologies, LLC

The Report outlines the steps Cathedral and its above-mentioned subsidiaries have taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of the production, importation and selling of goods in Canada or elsewhere by the entity or by the Company.

2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour

Cathedral values and supports high standards of ethics and business conduct in all of our business dealings, and the dignity and human rights of all people globally. During the Reporting Period, Cathedral and its above-mentioned subsidiaries took several steps to prevent and reduce the risk of forced labour or child labour in our business and supply chains including:

- Engaged a third-party consultant to support our understanding of the Act’s requirements and began a gap assessment to review our policies and procedures for forced labour and child labour considerations.
- Began mapping our tier 1 suppliers to develop our understanding of the types of products we procure and the countries they are procured from.
- Commenced engagement with a subset of our tier 1 suppliers for all our subsidiaries, representing 80% of our spend, through a Supplier Assessment Questionnaire, to understand their approach and existing controls to combat forced labour and child labour.
- Continued to operate our “Business Ethics Hotline”, a confidential and anonymous reporting channel, where stakeholders can report any illegal activity or conduct that violates our Code of Business Conduct and Ethics.

We recognize that this marks the beginning of an ongoing process and over time we will build on this foundation, focusing on a practical and collaborative approach. The outcomes of the gap assessment will inform our approach to modern slavery risk management and in the next Reporting Period, we plan to:

- Develop a roadmap to improve our child labour and forced labour risk mitigation practices over the medium and long term.
- Articulate our commitment to address forced labour and child labour risks, in a revised Code of Business Conduct and Ethics.
- Develop a Supplier Code of Conduct.
- Establish a governance framework and structure to identify and begin to identify risk areas related to forced labour and child labour.
- Assign oversight of modern slavery to the Governance Committee of the Board.
- Conduct a risk assessment for tier 1 suppliers to identify areas within our operations and supply chains that carry a risk of forced labour and child labour.
- Establish a remediation plan to outline how we will respond to allegations of forced labour and child labour.

3. Our Structure, Activities and Supply Chains

3.1 Our Structure

Cathedral Energy Services Ltd., based in Calgary, Alberta, Canada, is incorporated under the *Business Corporations Act* (Alberta) and operates in Canada under “*Cathedral Energy Services*” and in the United States of America (“U.S.”) under “*Discovery Downhole Services*”, a division of Cathedral Energy Services, Inc., “*Altitude Energy Partners*” and “*Rime Downhole Technologies*”. All of Cathedral’s subsidiaries are 100% owned, directly or indirectly, by Cathedral. Cathedral’s common shares are publicly traded on the Toronto Stock Exchange under the symbol “CET”.

Cathedral is a trusted partner to North American energy companies requiring high performance directional drilling services and related downhole technologies. We work in partnership with our customers to tailor our equipment and expertise to meet their specific geographical and technical needs. Our experience, technologies and responsive personnel enable our customers to achieve higher efficiencies and lower project costs.

As of December 31, 2023, we had approximately 320 employees of which 140 are located in Canada and 180 are located in the United States. Outside of our direct employee base, we also utilize the services of consultants to perform field work and some office work, and we have approximately 271 in Canada and 263 in the United States.

3.2 Activities

Cathedral Energy Services and Altitude Energy Partners specialize in providing oil and gas companies in Western Canada and the U.S., respectively, with directional drilling services. This includes both horizontal and directional drilling. Discovery Downhole Services rents drilling motors within the U.S. market. Rime Downhole Technologies is an engineering business that specializes in building products for the downhole measurement-while-drilling (“MWD”) industry in the U.S. and Canada.

Cathedral Energy Services

The Canadian business unit provides a complete suite of directional drilling services, including measurement-while-drilling (MWD) and maintenance and new development engineering services. Corporate functions are managed at our head office. Employees are located at various operating facilities, including the corporate headquarters in Calgary, Alberta, which also houses Canadian operations staff, MWD repair services, and the technology group. Additionally, there is a sales office in downtown Calgary. The Nisku, Alberta facility serves as a drilling motor repair facility for Canadian operations. Staffing comprises 140 employees, along with consultants, with 9 office and 262 field personnel.

Discovery Downhole Services

Discovery Downhole Services, a division of Cathedral Energy Services Inc., rents drilling motors in the U.S. from operating facilities located in Dickenson, North Dakota, Casper, Wyoming, and Conroe, Texas, with employees situated at these facilities. The staffing consists solely of employees, totaling 22 in number.

Altitude Energy Partners

Altitude Energy Partners serves as the Company's provider of directional drilling services in the U.S., with its head office situated in The Woodlands, Texas. Operating facilities are strategically placed in Casper, Wyoming, Houston, Texas, and Midland, Texas, with employees stationed at these locations. Staffing comprises 121 employees and 262 consultants in the field.

Rime Downhole Technologies

Rime Downhole Technologies is a Texas-based engineering business, specializing in the fabrication of products for the downhole MWD industry. The company offers a diverse range of proprietary Measurement While Drilling (MWD) components, such as pulsers, pulser drivers, shock isolators, and gamma modules. Rime Downhole Technologies constitutes the Company's U.S. segment for MWD sustaining and new development engineering services. Operating facilities are situated in Benbrook, Texas (serving as the head office) and Conroe, Texas, with employees stationed at these locations. The staffing includes 37 employees and 1 consultant in office role.

3.3 Our Supply Chain

Supply Chain

Cathedral's supply chain can be sub-divided into two segments: 1) direct materials and services that are integrated into Cathedral's service offering or products sold; and 2) indirect materials and services that are not directly incorporated into our services or products sold.

Most of the items within our direct materials and services segment includes items such as castings, forgings, electronics and machined parts. Indirect materials and services include professional

services, tools, shop and office supplies and telecommunications. Substantially all of Cathedral's direct and indirect material and service purchases are from tier 1 vendors located in North America.

Cathedral Energy Services' Supply Chain

While most of Cathedral Energy Services' vendors are North American based entities, Cathedral Energy Services also engages with several international suppliers. Cathedral Energy Services' suppliers are primarily located in Canada (705), followed by the U.S. (50), United Kingdom (1), India (1), Singapore (1), and China (2). These suppliers cover various industries including real estate, energy, manufacturing, transportation, financial services, industrial, professional services, information technology, insurance, telecommunications, and utilities. The services provided by these suppliers range from accounting and tax services, legal services, document storage, and facility rental to drilling tools, internet provision, IT consulting, machine shop services, motor parts, mud motor services, MWD rental and parts, oil and fuel services, shipping brokerage and trucking.

Discovery Downhole Services' Supply Chain

Discovery Downhole Services has a total of 181 suppliers, with the majority located in the U.S., and the rest in Canada. Discovery Downhole Services has suppliers operating within several industries including energy, industrial, real estate, professional services, transportation, and financial services. Our suppliers provide various products and services such as drilling motors and related parts, carbide coating, trucking services, facility and tools rentals, shop equipment and mud motor power sections including relines.

Altitude Energy Partners' Supply Chain

Altitude Energy Partners has a total of 392 suppliers, with the majority located in the U.S. (388), while 3 suppliers are based in Canada and 1 in the United Kingdom. Altitude Energy Partners has suppliers operating within the energy sector and utilizes professional and technical services. Our suppliers offer various products and services, including mud motors and parts, mud motor power sections including relines, MWD services, rotary steerable systems rentals and MWD, collar and stabilizer rentals, as well as providing field labor on a contract basis.

Rime Downhole Technologies Supply Chain

Rime Downhole Technologies has a total of 135 suppliers, with the majority located in the U.S. (133), and the remaining suppliers are in Canada (2) and the United Kingdom (1). These suppliers cover various sectors including energy and professional and technical services. Our suppliers offer a variety of products and services including machine shop services, survey electronic sensors, motors, seals, electronic components, magnetic couplings, engineering consultants, circuit board design and

testing, gap subs, bearings and seals, MWD batteries, chips for sensors, analog accelerometers, optical sensors, connectors, tax services, and legal counsel.

4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

At present, we do not have policies or processes that are specific to forced labour and child labour risk management, but we have some existing policies and processes that support responsible business conduct, identification of unethical business conduct, and provide a grievance mechanism to report violations of the Code of Business Conduct and Ethics, outlined below in section 4.1.

We recognize the importance of safeguarding human rights throughout our supply chain and business activities and are dedicated to taking concrete steps to achieve this goal. As part of our commitment to embedding human rights due diligence into our business processes, in the next Reporting Period, we will create a Supplier Code of Conduct and update our Code of Business Conduct and Ethics to include a commitment to address forced labour and child labour risks.

4.1 Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics (the “Code”) reflects our commitment to a culture of honesty, integrity, respect, and accountability and outlines the basic principles and policies with which all directors, officers, employees, and contractors are expected to comply with while working with us. The Code applies to all entities covered by our joint report.

The Code outlines our commitment to treating our employees with dignity, fairness and, respecting their rights as well as their contribution to our success. We require our employees to respect and obey the laws in all jurisdictions in which we operate. All new employees of all divisions except Altitude Energy Partners are required to certify their understanding and agree to comply with the Code. Cathedral’s directors, officers and other members of management are required to certify compliance with the Code annually.

In the next Reporting Period, we plan to strengthen our existing Code to include our commitment to upholding universal human rights standards, and prohibiting child labour, forced labour and modern slavery practices in our business practices and those of our business partners.

4.2 Whistleblower Policy

We encourage personnel in all of our subsidiaries to report illegal or unethical behavior, violations of or our Code to Cathedral’s senior management, or the Board Chair. As outlined in our Whistleblower Policy, we also maintain a confidential and anonymous reporting system through our Business Ethics Hotline. The Business Ethics Hotline is available to employees, third parties and external stakeholders to report concerns about violations of our Code, any aspect of the Company’s

operation, or violation of any law anonymously without fear of retaliation. The corporate Business Ethics Hotline can be accessed as follows:

- Toll free at: 1-866-921-6714 (Canada & U.S.)
- Email: cathedralenergyservices@integritycounts.ca
- Web: <https://www.integritycounts.ca/org/cathedralenergyservices>

The Whistleblower Policy applies to all entities covered by our joint report.

5. The Parts of Our Business and Supply Chains that Carry a Risk and Steps Taken to Assess and Manage that Risk

We have only started to develop an understanding our tier 1 supply chain. As part of this process, we engaged with a subset of our tier 1 suppliers, representing over 80% of Cathedral's spend through a Supplier Assessment Questionnaire to support the supply chain mapping process and understand any processes they have in place to mitigate risks of forced labour and child labour. We have not performed an assessment to determine the parts of our business and supply chains that carry a risk of forced labour and child labour and hence, have not taken any steps to assess and manage those risks.

6. Measures Taken to Remediate Forced Labour or Child Labour

To date we have not identified any instances of forced labour or child labour in our activities or supply chains and therefore have not undergone steps to remediate any harms of child labour or forced labour. Our Code includes information on the corporate Business Ethics Hotline, providing a platform for employees, contractors, suppliers, and other third parties to make anonymous complaints via phone, email, or on the applicable website. This hotline serves as a mechanism to raise any concerns, including forced labour or child labour. In the event of non-compliance, Cathedral is committed to developing and implementing a corrective plan to improve and remedy the situation.

7. Remediating the Loss of Income to the Most Vulnerable Families

We recognize that efforts to prevent and reduce the risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for the most vulnerable families. Currently, we are not aware of any instance to date where our efforts to mitigate the risk of forced or child labour in our activities and supply chains may have contributed to a loss of income for vulnerable families. We understand that remediation is a key step in this process and Cathedral will endeavor to clearly outline the expectations for addressing remediation for individuals identified as victims of modern slavery in future reporting periods.

8. Training Provided to Employees on Forced Labour and Child Labour

We do not currently provide training to employees on forced labour and child labour risks. However, in 2024, we plan to assess training requirements and begin to develop training plans for key personnel involved. We recognize that it is important to begin to enhance the capacity of our staff to identify, understand and effectively manage the risks of modern slavery within our operations and throughout our supply chains. Our current expectation is that any such training would be finalized and rolled out in in future Reporting Periods.

9. Assessing Our Effectiveness in Ensuring Forced Labour and Child Labour Are Not Being Used in our Business and Supply Chains

Cathedral has yet to establish a framework for measuring the effectiveness of our forced labour and child labour risk mitigation efforts. We remain committed to developing an approach to ensure we can review the effectiveness of the actions we are taking to assess and address modern slavery risks. Our aim is to continually improve our ability to assess and mitigate modern slavery risks across our operations and supply chains over time.

10. Attestation Statement

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 or entities 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 above.

Date: May 9, 2024

Signed "Tom Connors"

Thomas Connors
President and CEO

I have the authority to bind Cathedral Energy Services Ltd.