



Precision  
DRILLING



PRECISION DRILLING  
**MODERN SLAVERY  
REPORT 2023**

*Published: March 4, 2024*

# INTRODUCTION

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This Report describes the actions taken by Precision Drilling Corporation and its covered subsidiaries (hereafter collectively referred to as “Precision”)<sup>1</sup> from January 1, 2023 to December 31, 2023. The Report has been prepared in compliance with the requirements of the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“**the Act**”).

Precision is headquartered in Calgary, Alberta, Canada and is listed on the Toronto Stock Exchange under the trading symbol “PD” and on the New York Stock Exchange under the trading symbol “PDS”. We provide onshore drilling services to exploration and production companies in the oil and natural gas and geothermal industries. We also have an international presence with operations in the Middle East.

We offer customers access to an extensive fleet of high-efficiency *Super Series* drilling rigs. Our rigs are strategically deployed across the most active drilling regions in North America, including all major unconventional oil and natural gas basins.

Beyond drilling services, Precision provides well-completion, workover, abandonment, and re-entry preparation services to oil and natural gas exploration and production companies in Canada and the U.S. In addition, we provide equipment rentals and camp and catering services in Canada.

Precision is committed to corporate social responsibility and believes in acting ethically throughout our business. We have continued our existing Environmental, Social and Governance (“**ESG**”) commitments, policies, and processes as part of our increased focus on ESG. We consistently update our ESG commitments and performance metrics on our website. This format allows us to provide accurate, timely, and recurring updates on our efforts and successes on a more consistent basis. Please visit [www.precisiondrilling.com/esg/](http://www.precisiondrilling.com/esg/) for more information.

In an era where global business networks span continents and cultures, the ethical sourcing of materials and labour practices within a corporation's supply chain has never been more critical. With a deep commitment to corporate social responsibility, Precision has embarked on an extensive examination of its Canadian supply chain practices as it understands that forced labour and child labour not only undermine the principles of fairness and dignity, but also pose other risks. Through a combination of internal audits, supply chain assessments, and collaboration with our vendors, described in more detail below, this Report seeks to shed light on the current state of Precision's Canadian supply chain with regard to forced and child labour.

This Report was approved by our Board of Directors. We invite all stakeholders, from customers and shareholders to employees and communities, to review this Report and join Precision on its journey towards a supply chain that upholds the highest standards of social and ethical responsibility.

1. Precision Drilling Corporation, Precision Drilling Canada Limited Partnership, Rostel Industries, Precision Camp Services, Precision Rentals, Precision Well Servicing, CWC Energy Services Corporation, CWC Energy Employee Services Corporation, and CWC Energy Services (USA) Corporation.

# OUR COMMITMENT TO SUPPLY CHAIN TRANSPARENCY

## Comprehensive Risk-Assessment Strategy



Precision's centralized Corporate Supply Chain is tasked with overseeing vendor management processes and procedures across all subsidiaries. The company has recently acquired third-party software to enhance automated controls, boost visibility, and fortify support for risk management.

Precision utilizes local and global vendors who supply different categories of goods and services including, but not limited to, technical services (electrical, welding, and mechanical), rig equipment, parts for maintenance, repair, and operations ("**MRO**"), lubricants and fuel, corporate/facility services, logistics, and equipment rentals.

Precision is committed to having a supply chain with reputable vendors. We hold all new vendors to a rigorous accreditation process, crafted to identify, oversee, and approve eligible suppliers. This approach ensures steadfast adherence to Precision's standards of compliance, quality, and safety across our products and services, fostering consistency and reliability.

When we onboard a vendor, we employ a comprehensive risk assessment approach to effectively manage and reduce potential risks. Part of Precision's onboarding includes vendors completing a questionnaire with questions on human rights and labour conditions.

We require from all vendors information regarding work in specific countries or purchasing goods from countries identified as using child or forced labour. In addition, for vendors that supply goods in Canada categorized as MRO, lubricants, fuel or rig equipment, Precision includes additional questions in the questionnaire that are focused on child and forced labour.

Precision's vendors also sign a Compliance Certificate ("**Certificate**"). We require our suppliers to commit to conduct business in a manner that preserves and respects human rights as set out in Precision's Code of Business Conduct and Ethics ("**Code**") and its Human Rights Policy ("**Policy**"). Any use of child labour, forced labour, human trafficking or any form of slavery, directly or indirectly, is prohibited. Precision sends the questionnaire and Certificate to vendors every year.

Precision analyzes the vendors' answers to the questionnaire using a risk matrix in which numerical values are assigned to each response. Vendors with a high-risk rating are subject to random audits. These new processes started in 2023 and were applied to all existing vendors. Our new measures have also been seamlessly incorporated into our onboarding process, and they are now applicable to all new vendors that may engage in business with Precision.

# OUR POLICIES

Through our Policies, we communicate our values and expectations, setting a high bar for ourselves, our suppliers, and our selling partners, making clear we do not tolerate modern slavery. They seek to address and eliminate forced labour and child labour in the supply chain by adhering to legal standards, conducting due diligence, maintaining transparency through monitoring and reporting, protecting whistleblowers, and continuously improving our supply chain practices in line with international standards. These measures collectively work to ensure these forms of labour exploitation are properly addressed within Precision's supply chain. We regularly review our policies to identify areas for improvement, a process supported by engaging with external stakeholders and benchmarking against evolving international human rights standards.

## Our Human Rights Policy

This year, we created our first Human Rights Policy which provides a framework for ensuring that individuals are treated with dignity and respect; that fundamental human freedoms are protected; and that those who violate Precision's Policy are held accountable. Our Human Rights Policy demonstrates our commitment to respecting fundamental human rights around the world. We are committed to upholding and enforcing these rights in the workplace.

The Policy applies to all levels of employees and decisions at Precision, from major Board decisions to day-to-day business transactions and activities in which Precision may be involved. It is also equally applicable to Precision's vendors and contractors. This Policy outlines the behavior our employees, vendors, customers, contractors, and officers are to follow to maintain Precision's reputation and ethical standards.

The Policy comprehensively addresses various areas, including, but not limited to:

1

### COMPLIANCE WITH LEGAL STANDARDS

All employment with Precision is "At-Will" unless otherwise contractually agreed in writing, allowing employees the freedom to leave Precision at any time for any or no reason. The Policy commits to adhering to all applicable national and international laws, regulations, and treaties related to human rights, including specific prohibitions on hiring individuals under 18 years of age for positions involving hazardous work, thereby directly addressing child labour concerns.

2

### DUE DILIGENCE

This Policy reflects a commitment to robust due diligence, within our sphere of influence, spanning across the entire supply chain. This involves actively assessing and identifying potential human rights violations, including forced labour and child labour.

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### TRANSPARENCY

The Policy emphasizes the importance of regular monitoring and reporting of human rights performance. This transparent approach allows the organization to detect and address any instances of forced labour or child labour within our supply chain.

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### WHISTLEBLOWER PROTECTION

The Policy establishes several reporting channels for the disclosure of violations or concerns and underscores a commitment to preventing any fear of retaliation against those making good-faith reports. This encourages employees and stakeholders to report any suspected cases of forced labour or child labour in our supply chain without fear of retaliation.

5

### ONGOING IMPROVEMENT

Precision's commitment to continuously enhance human rights practices and policies extends to our supply chain. This means actively seeking ways to improve supply chain practices to address and prevent forced labour and child labour.

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### ALIGNMENT WITH INTERNATIONAL STANDARDS

By referencing international standards such as the UN Guiding Principles on Business and Human Rights, the Policy signals a commitment to aligning with global best practices. These principles emphasize the responsibility of businesses to address human rights abuses, including forced labour and child labour, in their operations and supply chains.



## Our Code of Business Conduct and Ethics

We are committed to conducting our business in a lawful and ethical manner. Our Code, and its associated policies, procedures, training, and communications, ensures that every employee, vendor, customer, contractor, officer and Director is aware of Precision's values. All employees receive Code training during onboarding with regular refresher training thereafter. Precision provides various secure and accessible channels with guidelines for reporting concerns and violations. Anyone within or outside of Precision can reach out to anyone in their management chain or the Legal Department with questions about the application of the Code or how to approach difficult workplace situations. Employees may also make confidential or anonymous reports, reviewed quarterly by the Board of Directors, through the Precision *EthicsLine*, which is managed by an independent third party.

# OUR RISK ASSESSMENT

In the past year, Precision completed a comprehensive risk assessment process concerning forced and child labour within its supply chain. This initiative included:



Updating Precision's vendor onboarding due diligence questionnaire to incorporate specific inquiries related to forced and child labour.



Developing a risk matrix to evaluate the responses provided by vendors.



Requesting Compliance Certificates from vendors where they agree to comply with Precision's Code of Business Code and Ethics and certify that they do not use child or forced labour.

## Due Diligence Questionnaire:

To assess potential risks within the supply chain, Precision expanded its onboarding due diligence questionnaire by incorporating targeted questions pertaining to forced and child labour. The questionnaire was distributed to all of Precision's vendors that provide goods to Precision Drilling Corporation and its Canadian subsidiaries.

The questionnaire features a set of key questions designed to ascertain the vendor's:

- legal structure;
- adherence to specific regulations and standards regarding forced and child labour;
- sourcing practices and any potential association with products tied to forced or child labour;
- historical allegations or legal actions related to labour abuses, offering insights into the vendor's track record;
- commitment to identifying and mitigating human rights risks, particularly forced or child labour, through established policies and procedures;
- employee training programs implemented by the vendor to identify and report labour risks;
- operational presence in regions known for labour-related issues, or the employment of migrant workers with weaker labour law enforcement; and
- whether the vendor supplies products where modern slavery prevalence has been well documented, such as coveralls, safety work gloves, lithium batteries, or copper, and where such products are purchased or made.



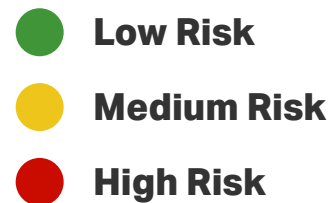
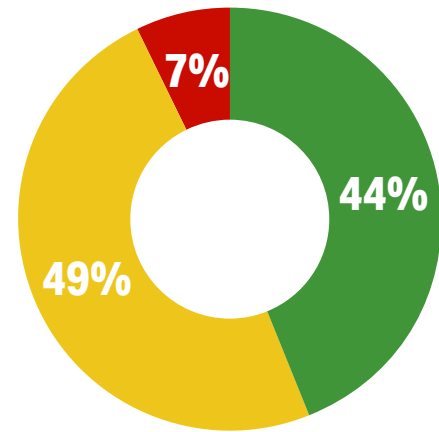
Through this inquiry process, Precision acquired a more comprehensive understanding of our vendors' operations, their dedication to ethical labour practices, and the potential risks associated with forced or child labour in our supply chain.

## Risk Matrix:

To systematically assess the responses to the questionnaire and determine the risk levels associated with each vendor, Precision assigned numerical values to each response. Questions and answers that pose more risk have been assigned higher numerical values.

For instance, if a vendor trains its employees on identifying the risks related to child or forced labour, then the vendor receives no points for their answer. If the vendor does not train its employees in identifying the risks, then the vendor receives 4 points for their answer. In addition, certain classes of suppliers that provide goods that create a high risk for our sector receive higher points. Thus, not all questions are worth the same number of points as they may or may not indicate a higher likelihood of non-compliance.

Precision calculates the vendor's total points from all of their answers to the questions within the questionnaire to determine their level of risk. A score of 1-10 indicates a vendor with low risk, a score of 11-19 indicates a vendor with medium risk, and a score of 20 or more indicates a vendor with a high risk concerning forced or child labour issues within its supply chain.



## Compliance Certificate:

In addition to the questionnaire, Precision requests that vendors execute and return a formal Compliance Certificate addressing specific ethical, legal, and labour-related standards within the vendor's operations and supply chain. Precision's Certificate focuses on the following issues:

**Acknowledgment of Precision's Code of Business Conduct and Ethics:** Precision requests vendors certify that they have read and understand Precision's Code and agree not to take any actions that would cause Precision or its employees to be in violation of the Code. This agreement involves a commitment to adhere to ethical business practices and conduct.

**Compliance with Applicable Laws:** The vendors certify that they are in compliance with all applicable laws, including laws related to labour, human rights, and any other legal requirements relevant to its operations.

**Adherence to Precision's Child Labour Policy:** The Certificate clarifies that all references to forced labour and child labour are understood as defined in Bill S-211, known as the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. It provides a link for further reference to the specific Canadian legislation and requires compliance with all legal requirements stated therein.

**Declaration of No Forced Labour and Child Labour:** The Certificate requires vendors to state, to the best of their knowledge after conducting diligent due inquiry, that neither forced labour nor child labour are used at any stage of the production of goods made, purchased, or distributed by the vendor and subsequently sold to Precision. This declaration affirms that vendors have stated, or represented to Precision, that they do not engage in these unethical labour practices.

**Commitments to Address Labour Risks:** Vendors further commit to the following actions:

- Assessing the parts of their business and supply chains that carry a risk of forced and child labour.
- Implementing and updating policies to address these risk areas within their business and supply chains.
- Taking measures to manage the risk of forced labour and child labour in their operations.
- Taking measures to remediate any forced or child labour discovered in their business and supply chains, which may include steps to rectify the loss of income to vulnerable families affected by these practices.

**Reporting Obligation:** Vendors are obligated to promptly inform Precision if any undisclosed or subsequent developments arise that make the representations and warranties in the certificate inaccurate or incomplete.

**Consequences of Non-Compliance:** The Certificate outlines the consequences of non-compliance. If a vendor breaches the terms of the Compliance Certification, Precision can take various actions, including withholding payment for invoices or terminating its agreement and business relationship with the vendor. These actions can be taken with written notice, effective immediately.

In summary, the Compliance Certificate serves as a formal commitment by vendors to adhere to ethical and legal standards in operations, especially concerning forced and child labour. It also outlines the consequences of non-compliance, reinforcing the importance of maintaining responsible and ethical business practices within the supply chain. Precision's Chief Compliance Officer reviews compliance matters quarterly with the Board of Directors.

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## EDUCATION AND AWARENESS

At Precision, we are committed to fostering a culture of awareness and responsibility regarding human rights principles, ethical business practices, and legal obligations among our employees, contractors, and vendors. To achieve this, we have developed a comprehensive human rights training program. Our 2023/2024 Code training aims to instill this awareness, prevent potential violations, and establish effective channels for addressing human rights concerns within our organization, including forced and child labour. The mandatory training initiative, which typically lasts about thirty minutes, spans across the entire organization, encompassing our field staff, office staff, executives, and the Board of Directors. We are committed to effectively disseminating crucial knowledge by employing diverse teaching methods such as online courses and in-person sessions. While an external organization aids in the overall development of our training program, the content is internally crafted to reflect specific events pertinent to Precision. As an integral component of our onboarding process, all new employees are required to successfully complete the training. To date, approximately 4,600 individuals have undergone this essential training.





# AUDIT PROCESS RELATED TO VENDORS

As a part of Precision's continuous commitment to improvement in our Canadian supply chain, high-risk vendors are subject to site audits by Precision. These carefully planned audits will be conducted to address concerns related to the possibility of child or forced labour being used in our supply chain; particularly any identified through our due diligence procedures.

The objective and scope of Precision's audits will be clearly defined to assess risks of child or forced labour. Some audits may be unannounced to ensure an accurate representation of the working conditions and avoid any attempts to conceal non-compliance. Most audits; however, will involve pre-visit communication with the vendor to discuss the scope of the audit and to ensure transparency as well as cooperation.

The audits may include the following steps:

## 1. Pre-Audit Assessment:

- Collecting background information about the vendor, including location, size, and scope of operations.
- Identifying any red flags or high-risk areas associated with the vendor's industry or country of operation.

## 2. Audit Planning:

- Developing a comprehensive audit plan that outlines the objectives, scope, and methodology of the audit.
- Defining the audit team's roles and responsibilities.
- Determining the necessary resources, including personnel and documentation, required for the audit.

## 3. On-Site Audit:

- Conducting unannounced visits to minimize the chance of the vendor hiding non-compliance.
- Conducting interviews with vendor's management, employees, and relevant stakeholders to gather information.
- Reviewing documentation, such as employment contracts, payroll records, and age verification procedures.
- Inspecting the workplace to identify any signs of forced or child labour, such as poor working conditions, restricted freedom of movement, or inadequate safety measures.

## 4. Document Review:

- Examining relevant documents related to employment practices, including hiring procedures, working hour records, and age verification documents.
- Verifying the accuracy of payroll records and comparing them with employee contracts and relevant legal requirements.

## 5. Reporting and Follow-Up:

- Preparing audit reports that include audit findings, recommendations, and suggested corrective actions.
- Providing the vendor with a reasonable timeframe to address any non-compliance issues.
- Conducting follow-up audits or inspections to ensure that the vendor has implemented necessary corrective actions.
- Considering termination of the business relationship if the vendor fails to address the non-compliance issues adequately.

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# OUR REMEDIATION STRATEGIES AND CONTINUOUS IMPROVEMENT

Through our revised questionnaire, Compliance Certificate, and risk analysis, Precision is committed to addressing potential forced or child labour issues in our Canadian supply chain. If Precision's vendors are not properly responsive to Precision's efforts, they may face consequences, including, but not limited to, suspension and ineligibility to conduct any future transactions with us.

Moreover, even if we have received the requested documentation from a vendor, but we later discover through our routine monitoring or physical audits that any previously unnoticed concerns or risks arise, we reserve the right to take action, including blocking the vendor from our systems.

At the time of preparing this Report, Precision is not aware of any conduct that could be considered a violation of the Act.

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## CONCLUSION

Precision has undertaken a thorough examination of its Canadian supply chain, with a focus on ensuring that every aspect aligns with our unwavering commitment to ethical practices and human rights.

This assessment is part of our proactive approach to maintain and enhance the integrity of our operations. Through this report, Precision is reinforcing our commitment to accountability and ensuring that all stakeholders have access to a clear understanding of our supply chain practices.

We express our gratitude to our stakeholders for their continued support as we work to ensure that our supply chain maintains the highest standards of ethical conduct. Together, we will continue to build a future where ethical and responsible business practices reflect our dedication to fairness, respect, and social responsibility in every aspect of our operations.

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.

**March 4, 2024**



**Steve Krablin**

Chairman of the Board

I have the authority to bind  
Precision Drilling Corporation.



**Kevin Neveu**

President & CEO

I have the authority to bind  
Precision Drilling Corporation.