



Report on Measures Against Forced Labour and Child Labour for Year Ended  
December 31, 2023

March 15, 2024

STEP Energy Services Ltd. ("STEP", "us", "our" or "we") publishes this report pursuant to Section 11 of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the "Act") in respect of the year ended December 31, 2023.

## STEP STRUCTURE AND SUPPLY CHAIN OVERVIEW

STEP is a TSX-listed corporation incorporated in Alberta and headquartered in Calgary. STEP has several direct and indirect subsidiaries that conduct business in Canada and the United States. STEP and its subsidiaries provide industry leading deep-capacity coiled tubing, fluid and nitrogen pumping, and hydraulic fracturing solutions to clients in the energy sector. To conduct its operations, STEP purchases a variety of products from a diverse set of suppliers. Such purchases largely consist of (but are not limited to):

- proppant for hydraulic fracturing operations;
- chemicals and nitrogen for use in hydraulic fracturing, fluid pumping and industrial services operations; and
- equipment for use in all operations, including tractors (trucks), trailers, pumps, parts, tubing/pipe, electronics, and tires.

These products are sourced from both domestic (Canada and the United States) and international suppliers. In evaluating suppliers and potential suppliers, we consider reliability, product quality, price, delivery terms and location, product guarantees/warranty, operational costs, support offering, reputation, and financial stability.

## COMMITMENT

Integrity, trust, responsible sourcing, and the safety and well-being of workers across our supply chain are of paramount importance to STEP. STEP stands against all forms of human exploitation, including forced labour and child labour. We have taken, and will continue to take, measures to prevent such abuses in our supply chain as further set out herein. Meeting this commitment can only be achieved by actively partnering with our suppliers to improve sourcing standards and global supply chain practices.

## MEASURES TAKEN IN 2023

In 2023, STEP took the following measures to prevent and reduce the risk of forced labour and child labour within its supply chain:

1. STEP reviewed its supply chain for items listed as being linked to forced and/or child labour in the U.S. Department of Labor's *2022 List of Goods Produced by Child Labor or Forced Labor*.
2. STEP enacted a Supplier Code of Conduct (the "Supplier Code") that sets out the standards that STEP's suppliers must comply with, including:
  - (a) each supplier's responsibilities regarding its own supply chain;
  - (b) reporting of violations of the Supplier Code;
  - (c) slavery, human trafficking, and forced labour prohibitions;
  - (d) worker compensation expectations; and

(e) non-discrimination and anti-harassment obligations.

The Supplier Code allows suppliers to either comply with its terms or the suppliers' own equivalent policies, provided the obligations therein meet or exceed those set out in the Supplier Code. The Supplier Code was delivered electronically to all of STEP's current suppliers. STEP has also implemented a new vendor onboarding process that requires acknowledgement and compliance with the Supplier Code.

3. STEP's legal team provided training to the members of STEP's supply chain team regarding STEP's Supplier Code and the Act.
4. STEP met with several critical suppliers (particularly those who import goods) to confirm their understanding of STEP's Supplier Code and to understand how they intend to comply with the requirements of STEP's Supplier Code.

STEP has not identified any instances of forced labour or child labour within its supply chain. As such, STEP did not in 2023 take remedial measures with respect to forced labour or child labour, or measures to remediate the loss of income resulting from any measure taken to eliminate the use of forced labour or child labour. STEP measures its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chain by: (i) assessing qualitative and quantitative information gathered through meetings with suppliers and from supplier responses and feedback to STEP's Supplier Code; (ii) tracking relevant performance indicators, such as the number of professionals that receive training in regards to STEP's Supplier Code and any instances of non-compliance with the Supplier Code should they be reported through the Supplier Code's various reporting mechanisms.

## RISK AREAS

Based on STEP's review of its supply chain, STEP believes the greatest risk of forced labour and child labour in its supply chain originates from products sourced outside of Canada, the United States and Europe. STEP met, and will continue to engage with, critical suppliers (particularly those who import goods) to confirm their understanding of STEP's Supplier Code and to understand how they intend to comply with the requirements of the Supplier Code.

## REPORTING

STEP's Supplier Code strongly encourages any person who becomes aware of any violation of the Supplier Code, including any form of exploitation within STEP's supply chain, to report the activity through STEP's third-party whistleblower administrator, IntegrityCounts, as soon as possible. The Supplier Code allows reports to be made with IntegrityCounts through any of the following:

Online: <http://www.integritycounts.ca/org/stepenergyservices>

E-mail: [step-es@integritycounts.ca](mailto:step-es@integritycounts.ca)

Phone: 1-866-921-6714

Fax: 1-604-926-5668

Mail: IntegrityCounts

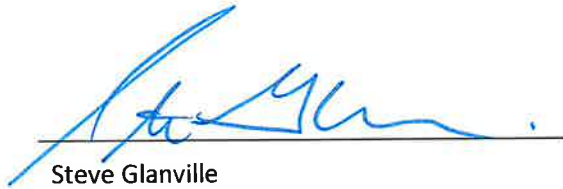
Re: STEP Energy Services

PO Box 91880

West Vancouver, British Columbia Canada V7V 4S4

## APPROVAL AND ATTESTATION

This report has been approved by STEP's Board of Directors. 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 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.



Steve Glanville

Director, President & Chief Executive  
Officer

I have the authority to bind STEP Energy  
Services Ltd.

March 15, 2024