



PHX
ENERGY SERVICES CORP.

2024

**Modern Slavery
Report**

May 20, 2025

Subject: Modern Slavery Report for 2024

Headquartered in Calgary, Alberta, PHX Energy Services Corp. (“**PHX**” or the “**Company**”) has been a leader in the oil and gas sector for 30 years providing land based horizontal and directional drilling. PHX, a publicly traded company on the TSX (TSX:PHX), has a global presence with operations in Canada, United States, and the Middle East.

This Modern Slavery Report (the “**Report**”) was prepared by Management and subsequently reviewed and approved by the Board of Directors on behalf of PHX and its subsidiaries, that have reporting obligations pursuant to the Act (the “**Reporting Entities**”). The Report was approved in accordance with paragraph 11(4)(b)(ii) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**” or “**Modern Slavery Act**”) and will be filed with the Minister of Public Safety and Emergency Preparedness.

PHX is committed to maintaining the highest standards of integrity in all aspects of business operations, including the strict prohibition of forced labour and child labour (each as defined in the Modern Slavery Act and hereinafter together referred to as “**modern slavery**”) within our operations and supply chains. This same commitment is expected from the organizations that supply goods and services to PHX. We continually assess and implement initiatives to further compliance of our programs and improve effectiveness of our policies, engaging relevant stakeholders, including our supply chains.

I certify that I have reviewed the information contained in the Report for PHX and its subsidiaries in accordance with the requirements of Section 11 of the Act. Based on my knowledge, and after exercising reasonable diligence, I confirm the information in the Report to be accurate and complete in all material aspects for the purposes of the Act, for the reporting year indicated above.



Mike Buker
President & Chief Executive Officer, Board Director

I have the authority to bind PHX Energy Services Corp. and its subsidiaries.



**REPORT ON FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS
FOR THE YEAR ENDED DECEMBER 31, 2024
DATED: May 6, 2025**

INTRODUCTION

This Report details the measures that have been implemented throughout the year ending December 31, 2024 (the “**Period**”) and serves as a joint report for PHX and the **Reporting Entities**. References to “**we**”, “**us**”, and “**our**” pertain to PHX and the Reporting Entities specifically. The content of the Report outlines the activities and steps taken to prevent and mitigate the risk of modern slavery within our operations and supply chains.

Modern slavery is a severe violation of fundamental human rights and is occurring globally. PHX acknowledges our duty to operate with the highest ethical standards, including taking actions to prevent modern slavery within all our business activities and supplier relationships. PHX is deeply committed to adhering to our reporting obligations, diligently implementing our policies and programs, and complying with legal requirements.

ACTIONS TAKEN DURING 2024

Efforts have been made to obtain a comprehensive understanding of the legislation, ensuring PHX is compliant with the reporting requirements outlined in the Act. PHX is not aware of any significant risks within our operations or supply chains relating to modern slavery.

Throughout 2024, we collaborated with our clients and supply chains to ensure alignment of prevention and mitigation measures, as appropriate. Key suppliers providing goods and services to PHX Reporting Entities received correspondence stating our expectations, including conducting their business in a way that ensures child labour or forced labour is not involved directly or indirectly in the provision of their goods or services to Phoenix. A link was provided to our key suppliers to access our 2023 Modern Slavery Report, Modern Slavery Policy, and Supplier Code of Conduct for their reference.

PHX also utilized a learning management system to disseminate the Modern Slavery Policy throughout the Company and received 100% acknowledgement of the policy by employees. This has also been included as part of the onboarding process to ensure all employees are aware of the requirements when they join the Company.

Our Modern Slavery Policy, in conjunction with other policies, and the Act, guide our efforts to prevent modern slavery. Our compliance with the Act and the effectiveness of our controls and programs are continually assessed for potential improvements as part of our established management system. These activities are fully supported by the Company's executive team and Board of Directors, as evidenced by their approval of the Modern Slavery Policy, Supplier Code of Conduct, and this Report.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Structure

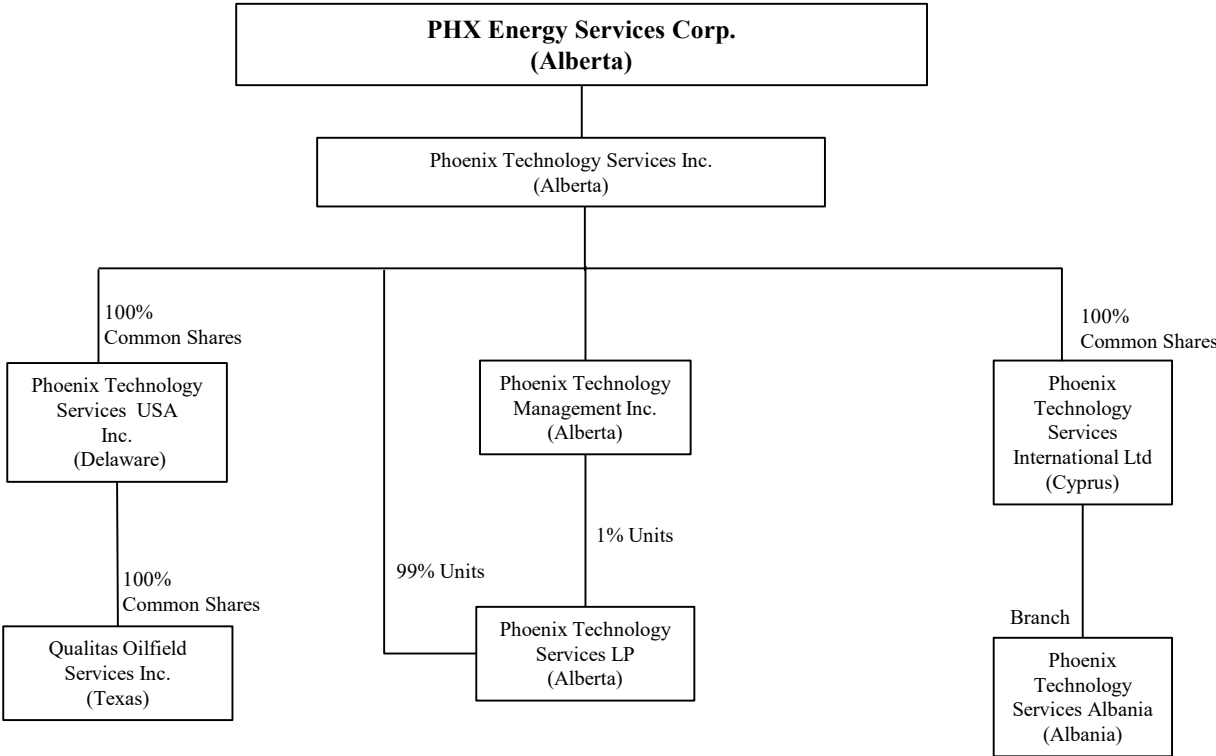
Our President & CEO is responsible for establishing the strategy, overseeing all business operations, and monitoring achievement of our short-term and long-term goals. We also have a governing Board of Directors that provides oversight for the Company.

Along with our subsidiaries that are Reporting Entities, PHX has subsidiaries that do not have reporting obligations pursuant to the Act (“**Non-Reporting Entities**”). See Schedule A for a full list of our subsidiaries, including Reporting Entities and Non-Reporting Entities.

At the end of 2024, the employee counts for the Reporting Entities were:

- Phoenix Technology Services Inc.: 3 employees;
- Phoenix Technology Management Inc.: 42 employees; and
- Phoenix Technology Services LP: 383 employees.

The organization chart below illustrates the corporate structure of PHX. This includes the names of each business unit, percentage of voting securities owned, controlled or directed, directly or indirectly, by the Company and the jurisdiction of incorporation, continuance, formation or organization of the Company’s material subsidiaries.



Activities

PHX specializes in providing horizontal and directional drilling services for the oil and gas industry. These activities include all aspects of service delivery including well planning, survey management, project coordination, drilling optimization, technology, equipment deployment, and provision of field personnel. PHX also engineers, manufactures and services our fleet of downhole tools.

PHX is headquartered in Calgary, Alberta, and started operations in 1995. Since then, PHX has become an industry leader and grown to be a multinational service provider that is publicly traded on the TSX (TSX:PHX). PHX delivers progressive directional drilling solutions to unconventional markets, primarily in Canada, the U.S., and the Middle East.

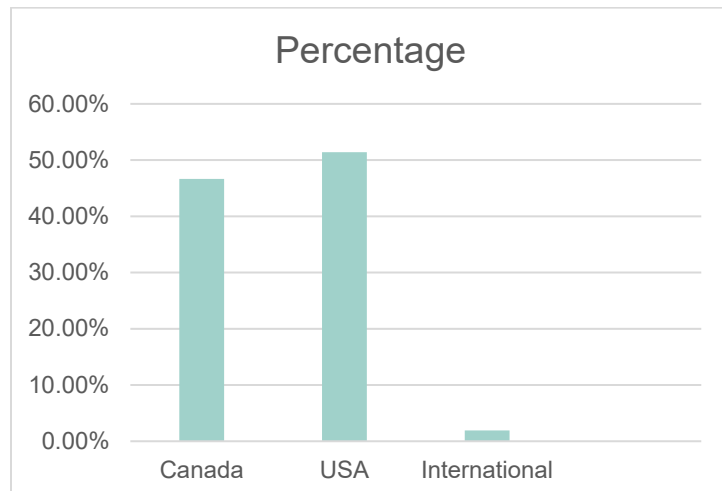
Additional information regarding the structure and operations of PHX and its subsidiaries can be found in the 2024 Annual Information Form found on our website (www.phxtech.com/investor) and all public filings can be found on SEDAR+ (www.sedarplus.com).

Supply Chains

Supply chain management within the Reporting Entities has resulted in strong, long-lasting relationships. The Supply Chain, Quality and Compliance departments work together to establish criteria for supplier selection and evaluation; companies are measured for their performance, capacity and capabilities. Goods and services are procured to support manufacturing, maintenance, servicing, and field activities. Consistent with the previous year, approximately 98% of purchases from suppliers in 2024 were from Canada or the United States.

Among the criteria for supplier selection and evaluation is adherence to our established policies. PHX has provided correspondence to our key suppliers that communicated these expectations, including a link to our Modern Slavery Policy and the Supplier Code of Conduct.

A breakdown is provided below that highlights PHX's supplier spend by Country.



Country	Percentage
Canada	46.65%
USA	51.42%
United Kingdom	1.92%
United Arab Emir.	0.01%

POLICIES AND DUE DILIGENCE

Policies

PHX is dedicated to upholding ethical and lawful business practices. We have established various policies and processes for reporting within PHX and the **Reporting Entities**. These include:

- **Code of Conduct and Ethics** – This policy communicates our standards for integrity and ethical conduct. The scope of this policy applies to all employees, officers, directors and consultants. Breaches or violations of the Code of Conduct and Ethics, including identification of modern slavery, are reported to Compliance or through the Whistle Blowing Procedure Policy.
- **Whistle Blowing Procedure Policy** – This policy outlines the steps that employees and non-employees can take to confidentially and anonymously report complaints and concerns without fear of negative repercussions. Complaints or concerns include matters that breach existing policies or violate the law, including modern slavery.
- **Supplier Code of Conduct** – This policy outlines requirements of our suppliers, contractors, agents, and partners to ensure professional and ethical conduct. Adherence to the Supplier Code of Conduct is necessary to ensure our commitment to the prevention of modern slavery, protecting human rights, and other requirements are effectively implemented. The Supplier Code of Conduct was reviewed and approved by the Board of Directors in 2024.
- **Modern Slavery Policy** – The Modern Slavery Policy was developed and approved by the Board of Directors in 2024. The information contained in the policy outlines our commitment to prevention and mitigation of risk relating to modern slavery within our operations and supply chains. This policy was communicated and acknowledged by all employees in 2024.

Company policies and mandates can be referenced on our website (www.phxtech.com/governance).

Due Diligence

PHX may engage in various due diligence processes when qualifying, selecting and evaluating key suppliers. Information is obtained regarding financial viability, ownership, products and services offered, location or region where the goods are being manufactured or sourced, certifications, security of supply, credit risk, among others. Site visits of key suppliers may be conducted to validate information submitted. Existing and new vendors are expected to adhere to our Supplier Code of Conduct.

The Director of our Supply Chain department is responsible for overseeing procurement activities and works with the Global Quality Manager and Compliance Officer to perform any due diligence deemed necessary as it relates to PHX's supply chains.

ACTIVITY AND SUPPLY CHAINS RISKS & STEPS TAKEN TO MANAGE RISKS

PHX has assessed our risk profile within our operations and supply chains and found there is no significant risk of modern slavery at this time. Since the majority of products and services are sourced from North America (approximately 98%), we believe the risks to be minimal due to the business conduct found in developed nations and the associated regulatory environment.

Management within our Supply Chain, Quality and Compliance departments meet periodically to discuss concerns with approved suppliers and determine corrective and preventive actions required, if any.

REMEDIATION MEASURES

There have not been any remedial measures taken regarding modern slavery since we have determined there is no evidence of it occurring in our operations or supply chains. As a result, we have not taken steps to remediate the loss of income resulting from the elimination of these activities.

EMPLOYEE TRAINING

We have engaged our Training department to communicate the information contained in our Modern Slavery Policy (and other corporate policies) throughout the Company, through our learning management system. The Modern Slavery Policy has been acknowledged by all employees. Additional training will be considered in the future to promote awareness around modern slavery.

ASSESSMENT OF EFFECTIVENESS

In order to assess PHX's effectiveness in ensuring that modern slavery is not being used in our business and supply chains, we have reviewed the effectiveness of our policies and programs relating to modern slavery. The following information was included in the review:

- Review of policies;
- Feedback from suppliers;
- Location where products are being manufactured or sourced;
- Updates to federal government guidance and legal advice from external legal counsel;
- Information received from Whistleblower reporting; and
- Quantitative and qualitative data from supplier monitoring and management.

Such review will be performed on an annual basis.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain statements that may constitute forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements may be identified by words like "intends", "may", "could", "should", "would", "plans", "will", "seek" and similar expressions. This information includes, but is not limited to, PHX's intentions to continue to evaluate and assess our processes with respect to modern slavery, including our reporting process, due diligence activities and policies. Such statements reflect the current views of management of PHX with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause results to differ materially from those expressed in the forward-looking statements. Although PHX believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because PHX can give no assurance that they will prove to be correct.

The forward-looking statements contained in this Report are made as of the date hereof and PHX undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Schedule A
PHX Energy Services Corp. Subsidiaries

100% owned direct and indirect subsidiaries include:

Name	Reporting Entity Status
Phoenix Technology Services Inc.	Reporting Entity
Phoenix Technology Management Inc.	Reporting Entity
Phoenix Technology Services LP	Reporting Entity
Phoenix Technology Services USA Inc.	Non-Reporting Entity
Qualitas Oilfield Services Inc.	Non-Reporting Entity
Phoenix Technology Services International Ltd.	Non-Reporting Entity
Phoenix Technology Services Albania	Non-Reporting Entity