



Precision
DRILLING



PRECISION DRILLING

MODERN SLAVERY

REPORT 2024

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INTRODUCTION

Precision Drilling Corporation and its covered subsidiaries, affiliates, and divisions (hereafter collectively referred to as **Precision**)¹ prepared this joint Report (**Report**) in compliance with the requirements of the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the **Act**). This Report describes the actions Precision took from January 1, 2024 to December 31, 2024 to comply with the Act. 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.

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”. In 2024, Precision had approximately 5,500 employees worldwide, with about 2,200 of those employees based in Canada. We provide onshore drilling services to exploration and production companies in the oil, natural gas and geothermal industries in Canada, the U.S., and the Middle East. Precision also provides well-completion, workover, abandonment, and re-entry preparation services to oil and natural gas exploration and production companies in the U.S. and Canada. 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 consistently update our Environmental, Social and Governance (**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/ 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, in 2023, Precision embarked on an extensive examination of its Canadian supply chain practices as we understand that forced and child labour not only undermines the principles of fairness and dignity, but also pose other risks. These efforts continued in 2024 through a combination of internal audits, supply chain assessments, and collaboration with our vendors. This Report seeks to shed light on the current state of Precision's Canadian supply chain regarding forced and child labour.

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1. Including Precision Drilling Canada Limited Partnership, Precision Limited Partnership, CWC Energy Services Corporation, Rostel Industries, Precision Camp Services, Precision Rentals and Precision Well Servicing.

STEPS TAKEN TO PREVENT AND REDUCE RISKS OF FORCED AND CHILD LABOUR



Precision is committed to having a supply chain with reputable vendors. 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.

In 2024, Precision maintained its rigorous vendor accreditation process ensuring compliance with Precision’s standards for quality, safety, and reliability. All new vendors approved in 2024 were required to complete Precision’s vendor onboarding process. In addition, vendors supplying MRO, lubricants, fuel, or rig equipment were also required to answer supplemental onboarding inquiries that specifically address risks related to child and forced labour.

Precision requires vendors to sign a Compliance Certificate (**Certificate**) by which they agree to comply with Precision’s Code of Business Conduct and Ethics (**Code of Conduct**), follow our Human Rights Policy (**Policy**), and certify that they do not use forced or child labour.

Precision utilized its risk matrix by which Precision analyzes the vendors’ answers to the vendor questionnaire using numerical values assigned to each response. Vendors with a high-risk rating are subject to site audits. Precision’s vendor accreditation process is described in greater detail later in the Report.

In 2024, Precision incorporated additional steps to prevent and reduce the risk of forced and child labour, including but not limited to:

- maintaining a working group from various departments that met throughout the year to discuss the Act and possible improvements to Precision’s policies and procedures;
- conducting site audits of high-risk suppliers;
- adding a comprehensive human rights section to our annual Code of Conduct training;
- revising contractual terms to include provisions regarding compliance with the Act;
- implementing SAP Ariba’s Supplier Lifecycle and Performance (SLP) module to automate our supplier onboarding process; and
- retaining Kreller Group PLC (**Kreller**) to conduct independent due diligence to ensure that our high risk vendors meet compliance standards and minimize risks associated with fraud, regulatory issues, and reputational harm.

OUR POLICIES

Through our policies, we communicate our values and expectations, setting a high bar for ourselves, our suppliers, and our customers, making clear Precision does not tolerate modern slavery. The policies seek to address and eliminate forced and child labour throughout our 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

In 2023, we implemented our 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 the Policy are held accountable. Our Policy demonstrates a commitment to respecting fundamental human rights around the world, and 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 decisions by our Board of Directors (**Board**) 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. The Policy outlines the behavior our Board, 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:



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.



DUE DILIGENCE

The 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 and child labour.



TRANSPARENCY

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

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WHISTLEBLOWER PROTECTION

The Policy provides 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 other stakeholders to report any suspected cases of forced or child labour in our supply chain without fear of retaliation. Please click on the following link to access Precision's [EthicLine](#).

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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 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 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 of Conduct, and its associated policies, procedures, training, and communications, ensures that every employee, vendor, customer, contractor, officer and director is aware of Precision's values. Our Code of Conduct can be accessed through our website – please click the following [link](#) to view our Code of Conduct. All employees undergo Code of Conduct training during onboarding followed by annual refresher trainings thereafter. Precision provides various secure and accessible channels (internally and externally) with guidelines for reporting concerns and violations. Employees within Precision can reach out to anyone in their management chain or the legal department with questions about the application of the Code of Conduct or how to approach difficult workplace situations. Employees may also make confidential or anonymous reports through our *PD EthicsLine*, which is managed by an independent third party, and reviewed quarterly by our Board.

OUR DUE DILIGENCE PROCESSES

In 2024, Precision continued its due diligence by using its comprehensive risk assessment concerning forced and child labour within its supply chain. This process included:



1. PRECISION ONBOARDING

Utilizing Precision's vendor onboarding due diligence questionnaire that incorporates specific inquiries related to forced and child labour.



2. THIRD PARTY DUE DILIGENCE

Conducting third party independent due diligence to ensure that our vendors meet our compliance standards.



3. RISK MATRIX

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



4. COMPLIANCE CERTIFICATES

Requesting Compliance Certificates from vendors where they agree to comply with Precision's Code of Conduct, follow our Human Rights Policy, and certify that they do not use child or forced labour.



5. ONSITE AUDITS

Performing onsite audits for vendors with high risk scores.

In addition to external due diligence, Precision also conducts internal due diligence to prevent the hiring of child labour.

External Due Diligence

Onboarding Due Diligence Questionnaire

To assess potential risks within the supply chain, Precision uses an onboarding due diligence questionnaire which incorporates targeted questions pertaining to forced and child labour. The questionnaire is distributed to all of Precision's potential vendors looking to provide goods or services to Precision.

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

- 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 directly or indirectly;
- 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 acquires a 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.

Third Party Independent Due Diligence

Precision engaged Kreller, a third party independent vendor to assist in our due diligence efforts. Kreller offers a comprehensive suite of domestic and international due diligence and investigative services. Kreller's services help ensure Precision's compliance with local and international regulatory standards while minimizing our potential exposure to risks associated with fraud, regulatory issues, and reputational damage.

Kreller's approach is systematic and thorough, incorporating detailed background checks, financial assessments, and in-depth evaluations of business practices. This enables us to gain a full picture of our vendors' operational integrity, financial stability, and adherence to ethical standards. By providing this level of insight, Kreller empowers us to make well-informed decisions.

This proactive risk management strategy also enhances the credibility of our vendors, fostering transparent and ethical practices in all of our engagements. Ultimately, these services are instrumental in supporting our success, safeguarding our interests, and cultivating sustainable, responsible growth in both local and global markets.



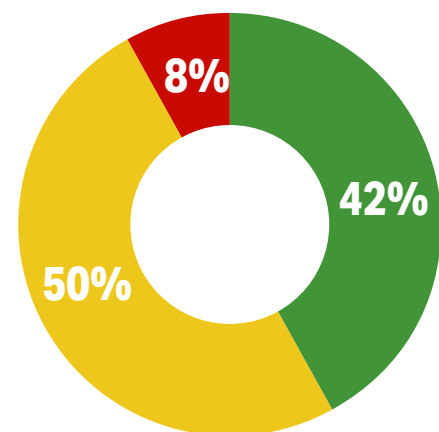
Risk Matrix




To systematically assess the responses to Precision's vendor 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 forced or child 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 four 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 score based on their responses 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.

PRECISION'S VENDOR RISK PROFILE



-  **Low Risk**
-  **Medium Risk**
-  **High Risk**

Compliance Certificate

In addition to the vendor 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 Conduct: Precision requests vendors certify that they have read and understand Precision's Code of Conduct and agree not to take any actions that would cause Precision or its employees to be in violation of the Code of 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 to the 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, directly or indirectly, at any stage of the production of goods made, purchased, or distributed by the vendor and subsequently sold to Precision.

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; and
- 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 required 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 Certificate, 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.



Audit Assessment

As a part of Precision's commitment to using compliant vendors in our Canadian supply chain, high-risk vendors are subject to audits by Precision, which are conducted to address concerns related to the possibility of forced or child labour being used in our supply chain; particularly any concerns identified through our due diligence procedures. If a vendor audit reveals non-compliance issues, then Precision will provide the vendor an opportunity to take corrective actions.

Precision may take the following steps when performing a vendor audit:

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, and documentation required.

3. On-Site Audit:

- Performing unannounced site visits to reduce the likelihood of the vendor concealing non-compliance.
- Conducting interviews with vendor's management, employees, and other relevant stakeholders to gather information.
- 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 adequately address its non compliance.

In 2024, Precision conducted vendor audits, including site visits to high-risk vendors, allowing Precision to directly observe working conditions. During these visits, Precision assessed key indicators of ethical labor practices, such as verifying workers' ages, ensuring freedom of movement, and confirming voluntary employment. No violations of forced or child labour were found during these audits. These audits allowed Precision to confirm that these vendors complied with ethical standards and legal requirements related to fair treatment and age-appropriate employment.



Internal Due Diligence Process

Along with conducting due diligence on our vendors, Precision also takes rigorous measures to prevent the hiring of child labour. Our human resources department verifies that all employees meet the legal work eligibility requirements in their respective jurisdictions, ensuring compliance with age and work permit regulations. Employment offers are extended to both new and returning employees, who have the option to accept or decline the offer freely.

TRAINING

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, as part of our Code of Conduct training, a comprehensive human rights training component that aims to instill this awareness, to prevent potential violations, and establish effective channels for addressing human rights concerns within our organization, including forced and child labour. The mandatory training initiative spans across the entire organization, encompassing our field employees, office employees, executives, and the Board. We are committed to effectively disseminating crucial knowledge by employing diverse teaching methods such as online courses and in-person sessions. We partner with an external organization to aid in the overall development of our training program; however, the content is internally tailored 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. In 2024, all employees, new and existing, have undergone this essential training, and 100% of our supply chain members have completed the Modern Slavery Awareness training.



ASSESSMENT OF EFFECTIVENESS

By using our vendor questionnaire, independent due diligence, risk matrix, Compliance Certificate, and vendor audit assessment process, Precision remains committed to addressing potential forced or child labour issues in our Canadian supply chain, in part, and by ensuring 100% of our employees complete the relevant training. 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 terminating and blocking the vendor from our systems.

REMEDIATION MEASURES

During our 2024 vendor audits, no violations were found. At the time of the publication of this Report, Precision is not aware of any instances of forced or child labour in its Canadian operations or those of its vendors, suppliers, or service providers. Accordingly, we have not taken any steps to remediate child or forced labour or the loss of income associated with remediation efforts.

CONCLUSION

In 2024, Precision examined 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. This Report ensures that all stakeholders have insight into Precision's 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, we attest that we have reviewed the information contained in the Report for the entity listed above. Based on our knowledge, and having exercised reasonable diligence, we 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 10, 2025



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.