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# ANTI-CORRUPTION & ANTI-BRIBERY POLICY

Global

Date: 11-4-2020

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## 1. PURPOSE

Our Anti-Corruption & Anti-Bribery Policy is intended to ensure that PHX Energy Services Corp. and its subsidiaries (“**Phoenix**” or the “**Corporation**”) does not receive an improper advantage in our business dealings and that all payments and expenses are properly recorded in our financial books and records.

As a global business, we are committed to complying with anti-corruption laws that apply to our worldwide operations prohibiting bribery of both foreign and domestic public officials.

Violations of these laws can lead to serious reputational damage and criminal consequences for our Corporation and Employees, which may include debarment, forfeiture, major fines and imprisonment.

We believe in ethical and fair practices for conducting domestic and international business and are committed to a zero-tolerance stance towards bribery and any other form of corrupt behavior on the part of any of our employees, officers, directors, and third parties with whom we conduct business.

No one, regardless of seniority, has the authority to ask you to do something that would violate this policy. No one subject to this policy will suffer adverse consequences for refusing to make bribes, kickbacks or facilitation payments, or refusing to violate this policy in any other way, even if this results in the loss of business to Phoenix.

## 2. GENERAL

Our Anti-Corruption & Anti-Bribery Policy is a risk management tool within our Management System and applies to all Employees and all Contractors with whom we conduct business.

This Policy is supplemented by a training program, auditing procedures and ongoing implementation to support and guide our Employees and Contractors to make ethical decisions wherever we operate.

Additional documents that support this policy include:

- Anti-Corruption Laws as defined in Section 3 of this Policy
- Code of Conduct and Ethics
- Whistle Blowing Procedures
- Accounting Policies

This Policy provides guidance in the following areas where corruption situations may be encountered or where preventative measures need to be taken to avoid corruption:

- Improper payments including bribes, kickbacks and facilitation payments
- Engaging and managing high risk contractors
- Joint ventures, mergers, acquisitions and minority interests

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- Gifts, hospitality and travel
- Political and charitable contributions and sponsorships
- Employment of public officials
- Financial recordkeeping
- Reporting violations and suspected violations, and protection against retaliation

In situations where this Policy does not provide sufficient guidance or clarity, approval should be sought from the Compliance Officer or the Corporation's Legal Counsel prior to acting.

## 3. DEFINITIONS

**"Anti-Corruption Laws"** means Canada's *Corruption of Foreign Public Officials Act* ("CFPOA"), the United States' *Foreign Corrupt Practices Act* ("FCPA"), and the local anti-corruption laws of each country where we conduct business.

**"Bribe"** means giving, offering, promising or authorizing a payment, gift, reward, loan, or benefit of any kind, either directly or through an Intermediary:

- to a Public Official, or any other person for the benefit of a Public Official, as consideration for any decision or act by such Public Official in the course of his or her duties or function;
- to a Public Official, or any other person for the benefit of a Public Official, in order to induce such Public Official to improperly influence any decision or act of the state, public agency, public enterprise or public international organization for which such Public Official performs duties or functions; or
- to any other person, including an employee or representative of a private enterprise, to induce that person to perform improperly a Relevant Function, or to reward that person for the improper performance of a Relevant Function (often called "commercial" or "private-to-private" bribery).

**"Compliance Officer"** means the Corporation's Global QHSE Manager.

**"Contractor"** means any third party individual or entity authorized to assist the Corporation in some aspect of our business. Contractors can include agents, advisors (including professional advisors), consultants, logistics providers, suppliers, distributors, subcontractors and any number of similar individuals or entities.

**"Corruption Risk Assessment"** means a written due diligence assessment carried out to ascertain the corruption risk associated with a particular mandate, contract, or project, as applicable. Examples of factors to be evaluated include location of the activity or property concerned, frequency and nature of interactions with Public Officials, reputation of High Risk Contractors involved, level of control over the

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actions and decisions of High Risk Contractors involved, and the monetary value of the project or property concerned.

**“Direct Relative”** when used in the context of this Policy, means a spouse, parent, sibling, child, grandparent, grandchild, or spouse of any of the foregoing.

**“Employee”** when used in the context of this Policy, means all permanent, temporary or contract employees of the Corporation, and includes the Corporation’s officers and directors.

**“Facilitation Payment”** means a small one-off payment made solely to expedite or secure the performance of a routine act by a Public Official where the act is already a part of the Public Official’s duties or functions (often called “grease payments”). Some examples include small payments to Public Officials for:

- issuing licenses, permits and other official documents to qualify to do business in a foreign country;
- processing governmental papers, such as visas and work permits;
- providing or obtaining police protection, telephone service, utilities, and mail service; or
- loading or unloading cargo, inspection of goods and protecting perishable goods from deteriorating.

Facilitation payments do not include legitimate payments of official fees paid directly to a government or agency in accordance with published fee schedules or other official documents.

**“High Risk Contractor”** means a Contractor or proposed Contractor being engaged to supply goods or services in a country other than Canada or the United States and who meets any one or more of the following criteria:

- is a Public Official or a close relative or business associate of a Public Official;
- is likely to interact with Public Officials on the Corporation’s behalf to:
  - promote the Corporation or develop business with a state or a state-owned or controlled entity;
  - represent the Corporation at meetings or introductions with a state or a state-owned or controlled customer;
  - directly liaise with or provide services to a state or a state-owned or controlled entity;
  - lobby;
  - seek permits, licenses, authorizations or certifications; or
  - facilitate importing and exporting, immigration or tax matters;
- is going to facilitate general logistics or entry into a new market, or expanding business in an existing market;

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- is going to have the authority to legally represent the Corporation in a foreign country; or
- where there exists any other circumstance indicating an elevated corruption risk (e.g., where the Contractor has been recommended to the Corporation by a Public Official).

**“Improper Payment”** means a Bribe, Kickback or Facilitation Payment.

**“Intermediary”** means any third party, whether authorized or not, acting as a direct or indirect liaison between the Corporation and a Public Official or a person performing a Relevant Function.

**“Kickback”** means giving, offering, promising or authorizing, directly or through an Intermediary, a portion of contract value to a Public Official, or an employee or other representative of a private entity, in order to secure a contract with a state, public entity or private entity. This includes the improper use of sub-contracts, purchase orders or invoices, inflated pricing, consulting agreements or gifts to channel kickback payments.

**“Partner”** means any corporation or other entity with which the Corporation enters into a joint venture agreement or other similar partnership or business relationship.

**“Policy”** means this Anti-Corruption & Anti-Bribery Policy.

**“Public Official”** means:

- a person who holds a legislative, administrative or judicial position of a state or instrument of a state;
- a person who performs public duties or functions for:
  - a state;
  - any public agency (including a person employed by a board or commission established to perform a duty or function on behalf of a state);
  - any public enterprise or state-owned or controlled corporation (including national oil companies and their affiliates, subsidiaries and joint ventures).
- an official or agent of a public international organization (such as the United Nations);
- elected officials, candidates for public office, political parties, and officers, employees, representatives and agents of political parties;
- members of royal families and honorary government officials;
- a chief or an official of a First Nations band council, a Native American band council, or an equivalent body or authority; and
- Direct Relatives of any of the foregoing;

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“**Relevant Function**” means a function or activity that a person is expected to perform in good faith and impartially, including any activity connected with a business or performed in the course of a person’s employment.

## 4. OVERSIGHT

The Corporation’s Board of Directors has designated the Global QHSE Manager as Compliance Officer for the purpose of this Policy.

The Compliance Officer oversees this Policy and reports directly to the Corporation’s Board of Directors.

The Corporation’s Board of Directors will review compliance with this Policy on an annual basis.

## 5. RESPONSIBILITIES OF THE COMPLIANCE OFFICER

The Compliance Officer is responsible for:

- establishing and maintaining the practices and procedures necessary to implement this Policy and prevent any violation of its provisions;
- disseminating this Policy to all relevant Employees and High Risk Contractors;
- implementing and maintaining a training program on the substance of this Policy to be completed by all such Employees and High Risk Contractors as the Compliance Officer deems appropriate;
- procuring, from all relevant Employees, on an annual basis, a Certification of Compliance, substantially in the form of Exhibit A to this Policy;
- disseminating the Corporation’s Whistle Blowing Procedures to all relevant Employees and High Risk Contractors for the reporting, including anonymously if preferred, of violations of this Policy;
- reviewing Corruption Risk Assessments, based on criteria deemed relevant by the Compliance Officer, including Transparency International’s Corruption Perceptions Index, and the factors listed at the definition of Corruption Risk Assessment at Section 3;
- reviewing this Policy and its effectiveness, at least annually, and revising and updating this Policy as appropriate; and
- quarterly reporting of any material non-compliance matters to the CEO and Lead Director.

## 6. IMPROPER PAYMENTS

The Corporation, its Employees and Contractors shall not:

- either directly or through an Intermediary, give, offer, promise or authorize an Improper Payment;

- act as an Intermediary for the purpose of channeling an Improper Payment; or
- accept or solicit an Improper Payment.

## **7. FACILITATION PAYMENTS**

The Corporation prohibits the making of Facilitation Payments.

## **8. DURESS PAYMENTS**

The prohibition on Improper Payments does not apply to payments necessary to protect the health or safety of an Employee. Where the Employee believes his or her health or safety to be at risk and believes the payment to be necessary to preserve his or her health or safety, the Employee may make the payment in response to such duress. The amount and purpose of the payment must be properly documented and recorded in the company's books and records, and immediately reported to the Compliance Officer who will immediately notify the Chair of the Board, Lead Director and CEO. The Compliance Officer will provide the Board with quarterly reports regarding any duress payments.

## **9. DUE DILIGENCE ON HIGH RISK CONTRACTORS**

It is important that we properly vet High Risk Contractors that we are seeking to do business with so that we are comfortable that they conduct business with integrity and will not make Improper Payments on our behalf.

Prior to the Corporation engaging a High Risk Contractor, proper due diligence, checks and research must be carried out by the Employee proposing to engage the High Risk Contractor based on the results of a Corruption Risk Assessment. The reputation, affiliations, background, qualifications and past performance of the prospective High Risk Contractor, as appropriate, must be clearly documented in writing and kept filed alongside the agreement engaging the High Risk Contractor.

## **10. CONTRACTS WITH HIGH RISK CONTRACTORS**

The Corporation shall only retain a High Risk Contractor using a written agreement that includes those contract provisions set out in Exhibit B that are appropriate for the proportionate degree of risk presented by the nature and sensitivity of the role to be performed by the High Risk Contractor and in consideration of the completed Corruption Risk Assessment.

The Compliance Officer must approve a High Risk Contractor before being accepted and retained by the Corporation.

## **11. MANAGING HIGH RISK CONTRACTORS**

After a High Risk Contractor is retained, the Corporation shall take measures reasonably within its power to ensure that:

- any payment made to a High Risk Contractor represents no more than the amount outlined in the written agreement with the High Risk Contractor and is an appropriate remuneration for legitimate services rendered by such High Risk Contractor;
- the High Risk Contractor is not permitted to sub-contract or otherwise delegate any aspect of the performance of the services without the prior written consent of the Corporation unless otherwise specifically permitted in the contract between the Corporation and the High Risk Contractor. In the event that the Corporation provides such written consent, the High Risk Contractor shall maintain a record of the names, contract terms, and corruption due diligence conducted for all sub-agents and sub-contractors who are retained by it in connection with transactions with Public Officials in relation to the Corporation's business; and
- The Compliance Officer will periodically review reports regarding the High Risk Contractor's compliance with this Policy and services performed for the period, including interactions with Public Officials in rendering those services. The results of this review shall be reported to the Board per the responsibilities of the Compliance Officer

## **12. JOINT VENTURES, MERGERS, ACQUISITIONS, MINORITY STAKES**

### **a) Joint Ventures**

The Corporation shall only enter into joint ventures or other similar partnerships or business arrangements with entities that share our values on conducting business with integrity. As such, any joint venture agreement or similar-type agreement which we enter into for a project or undertaking shall only be entered into after completing a Corruption Risk Assessment of the Partner, and shall include provisions addressing corruption-related matters as appropriate, which may include those contract provisions set out in Exhibit D.

### **b) Mergers, Acquisitions and Minority Stakes**

The Corporation shall complete and consider a Corruption Risk Assessment prior to merging with or acquiring another Corporation, or a minority stake in another company. Where appropriate, anti-corruption provisions, representations and warranties shall be included in the agreement effecting the merger or acquisition.

## **13. GIFTS, HOSPITALITY AND TRAVEL**

### **a) General Guidelines**

- i. The offer and acceptance of legitimate and reasonable gifts, hospitality and travel is acceptable as a normal part of business development. However, in certain circumstances the provision of gifts, hospitality and travel, particularly where they are lavish, excessive or hidden, may be construed as an Improper Payment, which is prohibited under this Policy. The

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- guidelines in this Section are to help ensure that the offer and acceptance of gifts, hospitality and travel is conducted ethically.
- ii. The offer and acceptance of gifts, hospitality and travel must at all times be in compliance with Anti-Corruption Laws, the Corporation's Code of Conduct and Ethics, and this Policy.
  - iii. The use of fraud, misrepresentation or oppression or carrying out unethical acts in connection with the offering of any gift, hospitality or travel is prohibited. Gifts and hospitality, including meals and entertainment, may be offered or accepted where it is reasonable, in good faith and serves a legitimate business purpose.
  - iv. Travel expenses for third parties may be reimbursed by the Corporation in limited circumstances where the travel expenses are preapproved by a manager, and are legitimate, reasonable, and directly related to the promotion, demonstration or explanation of our services.
  - v. In cases where there is any doubt as to whether a gift, hospitality or travel meets the above criteria, clarification must be sought from the Compliance Officer or the Corporation's Legal Counsel prior to proceeding.

### b) Gifts and Hospitality to Public Officials

- i. Gifts or hospitality offered to Public Officials requires even greater care and scrutiny given the possible perception that such gifts or hospitality may be perceived as a bribe to influence an act or decision by the Public Official.
- ii. Any gift or hospitality offered to a Public Official or a Direct Relative of a Public Official requires the preapproval of the Compliance Officer.

### c) Travel Expenses for Public Officials

- i. Travel expenses for Public Officials must meet the general requirements set out above and the following guidelines:
  - All arrangements to reimburse the travel expenses of a Public Official require the written preapproval of the Compliance Officer or the Chief Financial Officer.
  - In all but the narrowest circumstances, travel expenses must be paid directly by the Corporation to the travel service provider or reimbursed to the state, public agency or public enterprise rather than directly to the Public Official.
  - All reimbursable travel expenses must be supported by proper receipts or invoices and recorded accurately in the Corporation's books and records.
  - Per diems for travel cannot be paid directly to a Public Official; they are only permitted pursuant to a written agreement between the Corporation and the state, public agency or public enterprise for which the Public Official performs duties or functions.

- The Corporation will only pay for the same or similar level of travel and accommodation as would be provided to its own Employees of a similar stature or seniority as the Public Official.
- The Corporation will not pay for any non-business related travel including side-trips or the travel expenses of a Public Official's spouse, children or other relatives.

## **14. CHARITABLE AND POLITICAL DONATIONS AND SPONSORSHIPS**

### **a) Charitable Donations**

- i. Phoenix is proud to contribute to several charities and to the communities where we conduct business. However, we have to be wary of potential corruption risks, including the perception of corruption, where a third party connected to the Corporation may benefit from such contributions. A Public Official could be tied to a particular charity, and sometimes illegitimate charities are established as a front to conceal Improper Payments. Any suspicion of corrupt behavior with respect to a charitable donation being made with Corporation funds must be immediately reported to the Compliance Officer.
- ii. Charitable donations made with Corporation funds:
  - must be preapproved by the Corporation's Chief Financial Officer or Chief Executive Officer with full disclosure of any benefit, perceived or otherwise, to a Public Official, a person performing a Relevant Function, or an Intermediary;
  - must be transparent and aligned with our values;
  - may only be made to registered non-profit organizations; and
  - must not serve to directly or intentionally influence official action or the conduct of a Relevant Function.

### **b) Sponsorships**

- i. Sponsorships carry similar risks to charitable donations and thus must be treated with caution. The guidelines set out above for charitable donations must also be followed for sponsorships made with Corporation funds.

### **c) Political Contributions**

- i. Political contributions made with Corporation funds are not permitted where they are made for the purpose of, or are likely to, improperly influence official action.
- ii. Refer to the Code of Conduct and Ethics for additional requirements and guidance on political contributions.

## **15. EMPLOYMENT OF PUBLIC OFFICIALS**

No Public Official shall be employed or retained by the Corporation, unless:

- the Compliance Officer is satisfied that such employment or retainer is lawful in the country concerned;
- the Compliance Officer has determined that the services to be rendered to the Corporation do not conflict in any manner with the official duties or function of such Public Official;
- where reasonably possible, an ethics opinion from the Public Official's government employer has been obtained; and
- the Corporation's Chief Executive Officer approves such hiring.

## **16. BOOKS AND RECORDS**

All Employees involved in making and keeping the Corporation's books, records and accounts must:

- follow the Corporation's system of internal accounting controls to ensure that transactions are executed in accordance with management's general or specific authorization;
- use the highest professional standards of accuracy and consistency in properly and fairly recording, in reasonable detail, all of the Corporation's domestic and foreign financial transactions and the disposition of its assets;
- identify any irregularities related to Improper Payments or suspected Improper Payments and immediately report such irregularities to the Compliance Officer; and
- keep the Corporation's books, records and accounts available for inspection by the Corporation's internal and external auditors.

Neither the Corporation, its Employees or Contractors shall do or omit anything in the making and keeping of the Corporation's books, records and accounts to hide, mischaracterize or obfuscate the true nature of a transaction to facilitate or further an Improper Payment.

These requirements are applicable to all joint ventures which the Corporation controls in fact or in which the Corporation's ownership interest is 50% or more.

The Compliance Officer should be consulted where there is any doubt regarding how to act according these principles when making and keeping the Corporation's books, records and accounts.

## **17. AUDIT**

The Corporation's Internal Audit Department shall promptly inform the Compliance Officer and the Board of Directors of every potential or suspected Improper Payment or violation of this Policy that comes to their attention and shall recommend procedures to attempt to prevent the recurrence of any potential or suspected violations.

## **18. REPORTING AND VIOLATIONS**

### **a) Duty to Report**

All Employees and Contractors have an individual responsibility to report in good faith and without delay any activity that appears to violate this Policy or Anti-Corruption Laws. If you believe or suspect that any Employee or Contractor has violated a provision of this Policy or Anti-Corruption Laws, it is critical that you bring the matter to the attention of your manager or the Compliance Officer, or report the matter anonymously using the Whistle Blowing Procedures.

If you are a manager and someone reports to you any violation or suspected violation of this Policy, you must immediately report it to the Compliance Officer.

The Corporation will investigate all reports of suspected or actual violations.

### **b) No Retaliation**

Retaliation, whether actual or threatened, against another Employee or Contractor for reporting an actual or suspected violation under this Policy is strictly prohibited and will be subject to disciplinary measures up to and including dismissal. Any manager who knew about the retaliation but took no action to stop it may also be subject to disciplinary measures. Actions are considered retaliatory if they have a materially adverse effect on the working or other conditions of the Employee or Contractor making the report.

### **c) Confidentiality**

Whether the violation or suspected violation is reported in-person or anonymously, all reports will be handled on a confidential basis meaning that your identity will be kept confidential, unless you expressly authorize its disclosure, or unless required by law or our internal policies, or unless maintaining confidentiality is not in the Corporation's best interests. If your identity were to be disclosed, such disclosure would be limited strictly to the individuals who would need to know so that a proper investigation can be made.

### **d) Violations**

Our commitment to a zero-tolerance stance towards bribery and any other form of corrupt behavior is taken seriously. In the case of a violation of this Policy, proportionate disciplinary actions will be taken by the Corporation, up to and including the following:

- i. Termination of employment;
- ii. Contract termination; or
- iii. Other legal action such as seeking damages.

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### 19. CONTACTS AND RESOURCES

#### **Doug Webb, Compliance Officer & Global QHSE Manager**

Address: PHX Energy Services Corp.  
#1400, 250 – 2nd Street SW  
Calgary, Alberta Canada T2P 0C1

Direct: (403) 930-9029  
Cell: (403) 589-9001  
Email: [dwebb@phxtech.com](mailto:dwebb@phxtech.com)

#### **Whistle Blower Hotline**

Phone: 403-930-9047  
Email: [whistleblower@phxtech.com](mailto:whistleblower@phxtech.com)



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## EXHIBIT B

### Phoenix Contractor Annual Certification of Compliance

PHX Energy Services Corp. and its subsidiaries (“Phoenix”) has implemented a policy (“**Anti-Corruption & Anti-Bribery Policy**”) to ensure compliance in our worldwide operations with anti-bribery laws that prohibit, either directly or indirectly, giving, offering, promising or authorizing an Improper Payment (Bribes, Kickbacks and Facilitation Payments). These laws include Canada’s *Corruption of Foreign Public Officials Act* (“**CFPOA**”), the United States’ *Foreign Corrupt Practices Act* (“**FCPA**”), and the local anti-corruption laws of each country where we conduct business (“**Anti-Corruption Laws**”). As a Phoenix Contractor, you are required to comply with Phoenix’s Anti-Corruption & Anti-Bribery Policy and Anti-Corruption Laws.

- B.1 Have you received, read and do you understand Phoenix’s Anti-Corruption & Anti-Bribery Policy?  
Yes  No
- B.2 Have any payments made to you by Phoenix been used to make any Improper Payments?  
Yes  No
- B.3 To the best of your knowledge have you at any time within the past year been in violation of Phoenix’s Anti-Corruption & Anti-Bribery Policy or Anti-Corruption Laws?  
Yes  No
- B.4 To the best of your knowledge has any other Phoenix Employee or Contractor at any time within the past year been in violation of Phoenix’s Anti-Corruption & Anti-Bribery Policy?  
Yes  No

If your answer to question B.2, B.3 or B.4 above is “yes,” please give full details.

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Name: \_\_\_\_\_

Country: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Company: \_\_\_\_\_

**EXHIBIT C****Terms For Contracts With High Risk Contractors**

- C.1 A precise definition of the scope of the High Risk Contractor's duties, the territory in which the services will be performed, and the compensation of the High Risk Contractor must be outlined. The pre-approval of the Compliance Officer is required if the contract with the High Risk Contractor contemplates compensation that includes a bonus or success fee component.
- C.2 An acknowledgement by the High Risk Contractor that it, he or she understands the provisions of applicable local anti-corruption laws and that he or she will comply with such laws in carrying out obligations under the contract on behalf of the Corporation. If appropriate, provisions shall be added to ensure that the High Risk Contractor understands the Corporation's obligations under Canadian laws and other applicable anti-corruption laws. In addition, the High Risk Contractor will commit to conduct its services on behalf of the Corporation in full compliance with such Canadian and other applicable anti-corruption laws and any applicable Corporation policies.
- C.3 The High Risk Contractor shall specifically acknowledge that it will not make, authorize or give any payment, promise of payment, gift, reward, advantage or benefit of any kind to a Public Official either directly or through an Intermediary, in order to influence the making or not making of a decision or act by a Public Official. The High Risk Contractor shall further specifically acknowledge that it will not make any Kickbacks, including the improper utilization of subcontracts, purchase orders, consulting agreements or gifts to channel payments to a Public Official, employees or other representatives of a Public Official or to their relatives or business associates.
- C.4 The High Risk Contractor shall provide representations and warranties that except as disclosed in writing to the Corporation neither it, nor any of its family members, owners, directors, officers, principals or key employees are Public Officials, and that it will promptly inform the Corporation of any changes in that regard.
- C.5 Assignment of the entire agreement or any rights, duties or obligations under the agreement by the High Risk Contractor is prohibited without the Corporation's prior written consent. If the Corporation permits any assignment of the agreement, the resulting subcontract will contain similar anti-corruption provisions as in the main agreement, and the High Risk Contractor will not by that fact be discharged from its obligations.
- C.6 Payments to the High Risk Contractor must be commercially reasonable and commensurate with the tasks they undertake. Payment shall be by cheque made out in the High Risk Contractor's name or by wire transfer to a bank account that is registered in the name of the High Risk Contractor, and located in the country in which the High Risk Contractor performed the services unless there is an acceptable explanation for other arrangements. Unless otherwise agreed in writing, such payment shall be made in the local currency where the High Risk Contractor is performing the services.

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- C.7 All requests by the High Risk Contractor for expense reimbursement must be supported by documentation acceptable to the Corporation. Detailed records for all approved expenses shall be kept for at least the minimum period required under the applicable laws.
- C.8 The agreement shall provide for immediate termination, at the Corporation's sole discretion, in the event a High Risk Contractor has made, attempted to make, makes, attempts to make, or proposes to make, an Improper Payment (and/or is in breach of other anti-bribery and anti-corruption covenants).
- C.9 The High Risk Contractor shall make annual certifications, substantially in the form of Exhibit B to this Policy, of its compliance with applicable law and shall certify that none of the payments made to it, him or her by the Corporation or acquired from other sources have been used to make any Improper Payment. The certification should also include a statement to the effect that the High Risk Contractor has complied with this Policy as well as with Canadian and any other applicable laws on corruption of Foreign Officials. Consider requiring High Risk Contractors to do mandatory anti-corruption training when first engaged and annually thereafter.
- C.10 The Corporation has the right to audit the High Risk Contractor's compliance with the agreement, including the expenses and invoices of the High Risk Contractor. The audit right will survive termination of such agreement for a reasonable period of time.

**EXHIBIT D****Terms for Contracts with Partners**

- D.1 The Partner shall acknowledge that it understands the provisions of applicable local anti-corruption laws, the CFPOA, and FCPA, and that it will comply with such laws in carrying out its obligations under the joint venture agreement.
- D.2 The Partner shall provide representations and warranties that, except as disclosed in writing to the Corporation, neither it, nor any of its owners, directors, officers, principals, key employees or family members of the foregoing, are Public Officials, and that it will promptly inform the Corporation of any changes in that regard.
- D.3 The Partner shall specifically acknowledge that it will not, either directly or through an Intermediary, demand, solicit or accept an Improper Payment, or give, offer or authorize an Improper Payment, on behalf of the Corporation or the joint venture.
- D.4 The Corporation has the right to audit the Partner's compliance with the joint venture agreement, including any expenses and invoices of the Partner associated therewith. The audit right will survive termination of such agreement for a reasonable length of time.
- D.5 In certain circumstances, it may be appropriate to ensure that a provision is included in the joint venture agreement to the effect that the Corporation may, at its entire discretion, immediately terminate the joint venture agreement in the event that the Partner is in breach of the anti-bribery/corruption representations and/or warranties and/or covenants in the joint venture agreement or is otherwise found to be in breach of applicable anti-bribery/corruption laws. The inclusion of this provision should be assessed on a case-by-case basis and it should be included where commercially possible.

## BY-LAW NO. 2

### ADVANCE NOTICE BY-LAW

(Adopted by the Board of Directors with immediate effect on May 18, 2016)

A by-law relating to the advance notice of nominations of directors of

### PHX ENERGY SERVICES CORP.

(hereinafter referred to as the "**Corporation**")

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#### **INTRODUCTION**

The Corporation is committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of this Advance Notice By-Law (the "**By-Law**") is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. This By-Law fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

It is the position of the Corporation that this By-Law is in the best interests of the Corporation, its shareholders and other stakeholders. This By-Law will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

- I. Subject only to the provisions of the *Business Corporations Act* (Alberta) (the "**Act**") and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:
  - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of a meeting of the shareholders of the Corporation made in accordance with the provisions of the Act; or
  - (c) by any person (a "**Nominating Shareholder**") who: (i) at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this By-Law and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and (ii) complies with the notice procedures set forth below in this By-Law.

2. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.
3. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

To the extent that the applicable annual meeting or special meeting of shareholders is adjourned or postponed, the time periods for the giving of a Nominating Shareholder's notice set forth above shall be calculated based on the new adjourned or postponed date of the annual meeting or special meeting of shareholders and not based on the original date of such meeting.

4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person; (ii) the principal occupation, business or employment of the person for the most recent five years, and the name and principal business of any company in which any such employment is carried on; (iii) the citizenship of such person; (iv) the number of securities of each class or series of securities in the capital of the Corporation which are owned beneficially or of record by the person or under the control or direction, directly or indirectly, of the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (v) such person's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected; and (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
  - (b) as to the Nominating Shareholder giving the notice: (i) the name and address of such Nominating Shareholder, as they appear on the securities register of the Corporation; (ii) the number of securities of each class or series of securities of the Corporation owned of record and beneficially by, or under the control or direction of, directly or indirectly, such Nominating Shareholder; (iii) full particulars regarding any agreement, arrangement or understanding with respect to the nomination between or among such Nominating Shareholder, any of their respective affiliates or associates, and any others acting jointly or in concert with any of the foregoing, including the nominee; (iv) full particulars regarding any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder,

whether or not such instrument or right shall be subject to settlement in underlying securities of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Nominating Shareholder with respect to securities of the Corporation; (v) full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct or control the voting of any securities of the Corporation; and (vi) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

In addition, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

The information requested pursuant to this paragraph 4, to the extent provided by the Nominating Shareholder or proposed nominee, shall be publicly disclosed by the Corporation as necessary to comply with the provisions of the Act and Applicable Securities Laws.

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-Law; provided, however, that nothing in this By-Law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairperson of the meeting. The Chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. For purposes of this By-Law:
  - (a) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - (b) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
7. Notwithstanding any other provision of this By-Law, notice given to the Corporate Secretary of the Corporation pursuant to this By-Law may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any provisions in this By-Law.

9. This By-Law was approved and adopted by the Board on May 16, 2016 (the "**Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date. Notwithstanding the foregoing, if this By-Law is not approved by ordinary resolution of shareholders of the Corporation present in person or voting by proxy at the next meeting of those shareholders validly held following the Effective Date, then this By-Law shall terminate and be void and of no further force and effect following the termination of such meeting of shareholders.

This By-Law shall be interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in that province

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# BOARD DIVERSITY AND TENURE POLICY

Global

Date: 11-04-2020

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## BOARD DIVERSITY

PHX Energy Services Corp. ("PHX Energy") recognizes the value that diversity can bring to its board of directors (the "Board"). Diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures that the Corporation has the opportunity to benefit from all available talent. The nomination and appointment of directors with diverse skills, knowledge, experience and backgrounds, such as but not limited to age, race, colour, ethnicity, religion, gender, sexual orientation and geographical background and other distinctions, contributes to balanced perspective, debate and decision making which improves organizational strength, opportunity for innovation, corporate culture and continued success.

This Board Diversity and Tenure Policy is intended to set out the framework for PHX Energy's approach to Board diversity and term limits and also outline key criteria for the composition of a board that promotes our commitment to diversity and inclusion.

### Commitment and Policy Statement

The Board of PHX Energy believes that director nominations should be made on the basis of the skills, knowledge and experience of individual candidates and the requirements of the Board at the time. PHX Energy does not differentiate by age, race, colour, ethnicity, religion, gender, sexual orientation and geographical background or any other aspect. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Corporation will consider the skills, knowledge and experience of individual candidates having due regard for the benefits of diversity and the needs of the Board.

To ensure the effectiveness of this policy and to develop a Board that is free of conscious or unconscious bias and discrimination, the Board's Nomination & Corporate Governance Committee (the "Committee"), which is responsible for recommending director nominees to the Board, will:

- (a) consider only candidates who are highly qualified based on, among other considerations, their skills, knowledge and experience;
- (b) consider diversity characteristics, including age, race, colour, ethnicity, religion, gender, sexual orientation and geographical background, of the candidates;
- (c) consider the level of representation of women on the Board; and
- (d) in addition to its own searches, as and when determined appropriate from time to time, engage qualified independent external advisors to help identify candidates for nomination who meet the Committee's requirements.

PHX Energy believes that considering the broadest group of individuals who have the skills, knowledge and experience required to provide the leadership needed to achieve its business objectives is in the best interests of PHX Energy and all of its stakeholders.

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## BOARD DIVERSITY AND TENURE POLICY

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While the Board considers gender diversity is an important component of the Corporation's overall diversity strategy, it does not believe that quotas necessarily result in the identification or selection of the best candidates. Accordingly, the Corporation has chosen not to formally impose gender specific quotas or targets.

### Board Renewal Process

The Committee has established a "skills matrix" outlining the skills, knowledge and experience it believes are required by its directors. In addition to considering skills, knowledge and experience, the Committee assesses the character and attendance of directors, along with diversity factors, to ensure that the Board is operating effectively and independently of management.

The skills matrix and Board composition are reviewed annually by the Committee to assess: (i) the skills, knowledge and experience necessary for the Board, as a whole, to possess in order to effectively discharge its duties and mandate; (ii) the skills, knowledge and experience that each existing director possesses; (iii) whether skills, knowledge, experience and diversity of perspective of the Board can be strengthened in any area; (iv) where applicable, the skills, knowledge, experience and perspective that new candidates possess; and (iv) whether or not candidates can devote sufficient time and resources to his or her duties. The skills matrix, together with the Committee's corresponding annual assessment, can be found in the Corporation's Information Circular.

### TENURE

The Board does not believe that fixed director term or age limits are in the best interest of PHX Energy as it is critical that directors develop and possess a solid understanding of the oil and gas services industry and PHX Energy's business.

The Committee considers both the term of service of individual directors, the average term of the Board as a whole and turnover of directors in prior years when proposing a slate of Board candidates. It considers and weighs the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of having a Board whose members are familiar with PHX Energy's business through past service. The Committee periodically rotates Committee chairs and members to promote fresh perspective.

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## CODE OF CONDUCT & ETHICS

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### INTRODUCTION

PHX Energy Services Corp. and its subsidiaries ("Phoenix" or the "Corporation") require the highest standards of professional and ethical conduct from our directors, officers, employees, and consultants (collectively referred to as "Personnel"). Our reputation among our shareholders for honesty and integrity is key to the success of our business. Personnel are not be permitted to achieve results through violations of laws or regulations, or through unethical dealings. References herein to the "Board of Directors" refer to the board of directors of Phoenix.

This Code reflects our commitment to a culture of honesty, integrity and accountability, and outlines the basic principles and policies with which all Personnel are expected to comply. Please read this Code carefully.

In addition to following this Code in all aspects of your business activities, you are expected to seek guidance in any case where there is a question about compliance with both the letter and spirit of our policies and applicable laws. This Code sets forth general principles and does not supersede the specific policies and procedures that are covered in the specific policy statements, such as the Disclosure, Confidentiality and Trading Policy. Compliance with this Code of Conduct and Ethics is a condition to your employment and violations may result in disciplinary actions up to and including discharge from the Corporation.

Your cooperation is necessary to the continued success of our business and the cultivation and maintenance of our reputation as a good corporate citizen.

### CONFLICTS OF INTEREST

A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with the interests of the Corporation. A conflict situation can arise when Personnel take action or have interests that may make it difficult to perform his or her work effectively. Conflicts of interest also arise when Personnel, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Corporation. Loans to, or guarantees of obligations of, such persons are likely to pose conflicts of interest, as are transactions of any kind between the Corporation and any other organization in which you or any member of your family have an interest.

Activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by senior management or the Chairman of the Board of Directors; provided that the foregoing shall not apply to employees, management or directors of the Corporation acting as directors of other public or private companies who shall comply with the provisions of the *Business Corporations Act* (Alberta) in respect thereof and shall advise senior management or the Chairman of the Board of the holding of such directorships. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interest must be reported immediately to senior management or the Chairman of the Board.

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## CODE OF CONDUCT & ETHICS

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It is imperative that Senior Officers and Directors of the Corporation refrain from investment, interest or association which interferes, might interfere, or might be thought to interfere, with your independent exercise of judgment in the Corporation's best interest. Any potential conflicts of interests must be reported immediately to the Corporation's Chief Executive Officer, Compliance Officer and Lead Director.

Without limiting the generality of the foregoing, but for greater clarity, it is recognized that certain of the directors and officers of the Corporation are or may be directors of other energy services companies whose operations may, from time to time, be in competition with the Corporation. Such circumstances will not in and of themselves necessarily present a conflict of interest but are to be assessed on a case by case basis. In accordance with the *Business Corporation's Act* (Alberta), directors who have a material interest in, or any person who is a party to, a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

### CORPORATE OPPORTUNITIES

Personnel are prohibited from taking for themselves personally opportunities that arise through the use of corporate property, information or position and from using corporate property, information or position for personal gain. Personnel are also prohibited from competing with the Corporation; provided that the foregoing shall not apply to directors solely as a result of them acting as directors or officers of other companies which they do not control.

### CONFIDENTIALITY

Personnel must maintain the confidentiality of, and not disclose, information entrusted to them by the Corporation or that otherwise comes into their possession in the course of their employment, except in the ordinary course of their employment when disclosure is authorized or legally mandated. The obligation to preserve confidential information continues even after you leave the Corporation.

Confidential information includes all non-public information, and information that suppliers and customers have entrusted to us.

### PROTECTION AND PROPER USE OF CORPORATION ASSETS

All Personnel should endeavor to protect the Corporation's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Corporation's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation.

All Corporation assets including, without limitation, information, data, intellectual property, office equipment and computers, tools, vehicles, supplies, facilities, funds and services, may only be used for legitimate business purposes or other purposes approved by management. Corporate assets may never be used for unlawful purposes.

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## CODE OF CONDUCT & ETHICS

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The obligation to protect Corporation assets includes proprietary and confidential information. Proprietary information includes any information that is not generally known to the public or would be helpful to our competitors. Examples of proprietary information are intellectual property, acquisition plans and prospects, customer details, price lists, business and marketing plans and employee information. The obligation to preserve proprietary information continues even after you leave the Corporation.

### INSIDER TRADING

Insider trading is unethical and unlawful. Personnel are not allowed to trade in securities of a company while in possession of material non-public information regarding that company. It is also unlawful to "tip" or pass on inside information to any other person who might make an investment decision based on that information or pass the information on further. The Corporation has a Disclosure, Confidentiality and Trading Policy, which sets forth your obligations in respect of trading in the Corporation's securities.

### FAIR DEALING

Personnel should not take unfair advantage of customers, suppliers, competitors or other Personnel through unlawful conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

### COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Compliance with both the letter and spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. All Personnel must respect and obey the laws of the cities, provinces/states and countries in which we operate and avoid even the appearance of impropriety. Failure to comply with applicable laws could result in disciplinary measures up to and including discharge from the Corporation.

### COMPLIANCE WITH ENVIRONMENTAL LAWS

The Corporation is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the Corporation insists upon strict compliance with all applicable Federal, Provincial and State environmental laws and regulations by its Directors, Management, employees and consultants. If Personnel have any doubt as to the applicability or meaning of a particular environmental, health or safety regulation, he or she should discuss the matter with a member of the Corporation's senior management, compliance officer or legal counsel.

### DISCRIMINATION AND HARASSMENT

We value the diversity of our Personnel and are committed to providing equal opportunity in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include derogatory comments based on racial or ethnic characteristics, unwelcome sexual advances and cyberbullying. Personnel are encouraged to speak out when a co-worker's conduct

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makes them uncomfortable, and to report harassment to human resources, HSE, compliance officer, or legal counsel if it occurs.

### SOCIAL MEDIA

What we publish on social media networks is a reflection on the Phoenix brand and can impact our reputation. We are expected to be familiar with and follow the policies and procedures found in the Human Resources and Corporate Manuals, including the Social Media Policy, Disclosure, Confidentiality and Trading Policy, Data Security Policy and other IT policies, which are available through Human Resources and online at KOP.

### SAFETY AND HEALTH

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. The Corporation is committed to keeping its workplaces free from hazards. Please report any accidents, injuries, unsafe equipment, practices or conditions immediately to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

In order to protect the safety of all Personnel, the environment, and third parties, Personnel must report to work free from the influence of any substance that could prevent them from conducting work activities safely and effectively.

### ACCURATE RECORDS AND REPORTING

Full, fair, accurate, timely and understandable disclosure in our periodic reports is critical to our ability to make responsible business decisions, essential to the success of our business and required by securities regulators. The Corporation's books, records and accounts including, without limitation, those relating to accounting, operations, environment, health and safety, training and human resources ("**Books and Records**") are relied upon to produce reports for the Corporation's management, shareholders, creditors, governmental agencies and others. Our financial statements and the Books and Records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

All Personnel have a responsibility to ensure that the Corporation's accounting Books and Records do not contain any false or intentionally misleading entries. We do not permit intentional misclassification of transactions as to accounts, departments or accounting periods. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period. Personnel must immediately report any known inaccuracies and must not conceal from management, internal or external auditors, the Audit Committee and the Board of the Corporation, as the case may be, information that might reasonably be expected to have an impact on the accuracy of the Corporation's reporting.

Business records and communications often become public through legal or regulatory investigations or the media. We should avoid exaggeration, derogatory remarks, legal conclusions or inappropriate

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characterizations of people and companies. This applies to communications of all kinds, including email and informal notes or interoffice memos. Records should be retained and destroyed in accordance with appropriate business practices and applicable laws.

The recording and reporting of corporate information shall be done with the highest standard of care and in accordance with the following guidelines:

- All Corporate accounting records, as well as reports produced from those records, must be kept and presented in accordance with the laws of each applicable jurisdiction.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect in reasonable detail the Corporation's assets, liabilities, revenues and expenses.
- The Corporation's accounting records must not contain any false or intentionally misleading entries.
- No transactions will be intentionally misclassified as to accounts, departments or accounting periods.
- No information will be concealed from the internal auditors or the independent auditors.
- Senior officers are expected to ensure, at all times, that all information in their possession in respect of the Corporation and its operations which may be considered material is brought to the prompt attention of the Corporation's Disclosure Committee.
- Compliance with Generally Accepted Accounting Principles and the Corporation's system of internal accounting controls is required at all times.

## COMMUNICATION DEVICES AND RELATED MATTERS

Phoenix's computers, mobile devices (including but not limited to tablets and smart phones), software, electronic mail and internet systems are provided for business purposes. You are responsible for ensuring your use is in compliance with Phoenix's cyber-security and data protection policies and procedures. Incidental personal use is acceptable provided such use does not negatively impact productivity, compromise system capacity or contravene applicable law or any Phoenix policy. Software which is copyrighted must not be copied for use elsewhere. You are prohibited from using such resources for improper or unlawful activities such as the communication of defamatory, pornographic, obscene or demeaning material, hate literature, inappropriate blogging; gambling; copyright infringement; harassment; cyberbullying; or obtaining unlawful software or files.

User identification and passwords are provided for authorized access to Phoenix's computing resources. You must guard your identification and password closely and not divulge them to anyone for any reason. Requests from anyone, including Information Technology staff, for your password should be denied. You should change your password regularly. You are responsible for the consequences of any and all system accesses that are a result of use of their identification and password.

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Phoenix reserves the right to access any content exchanged, stored or processed on Phoenix property. These communications may also be subject to disclosure to law enforcement or government officials. You acknowledge that Phoenix may occasionally monitor your emails to ensure compliance with the foregoing. You waive any privacy right that you may have to any information that is exchanged, stored or processed on Phoenix property to the extent permissible by applicable laws.

### **POLITICAL ACTIVITIES AND CONTRIBUTIONS**

We respect and support the right of our Personnel to participate in political activities. However, these activities should not be conducted on Corporation time or involve the use of any Corporation resources. Personnel will not be reimbursed for personal political contributions.

We may occasionally express our views on local and national issues that affect our operations. In such cases, Corporation funds and resources may be used, but only when permitted by law and by our strict Corporation guidelines. The Corporation may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. The Corporation may pay related administrative and solicitation costs for political action committees formed in accordance with applicable laws and regulations. No Personnel may make or commit to political contributions on behalf of the Corporation without the approval of the Chief Executive Officer and Chief Financial Officer with notice to the Chairman of the Board.

### **ILLICIT PAYMENTS**

Unlawful or unethical behaviour in the Corporation's workforce is not tolerated, including soliciting, accepting, or paying bribes or other illicit payments for any purpose. Situations where judgment might be influenced or appears to be influenced by improper considerations must be avoided. Payment or acceptance of any "kickbacks" from a contractor or other external party is prohibited. Additional information can be found in the Anti-Corruption Policy.

### **ENTERTAINMENT, GIFTS AND FAVOURS**

It is an essential element of our business practices that all persons and entities who wish to do business with Phoenix have access on equal terms. You must ensure that you do not accept entertainment, gifts, favours or benefits of any kind that could in any way influence, or appear to have the potential of influencing, business decisions in favour of any particular supplier or contractor. Similarly, you may not offer entertainment, gifts, favours or benefits of any kind in order to secure preferential treatment for Phoenix.

Notwithstanding the foregoing, entertainment, gifts, favours and benefits may be accepted or offered where they are consistent with customary business practices and:

- do not influence or appear to influence how Phoenix or its employees, contractors or agents, carry out their duties;
- are not cash or cash equivalent;

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- are of nominal value;
- do not violate any applicable laws; and
- do not violate this Code or other applicable policies of Phoenix.

Prior to offering or accepting any gift, favours or benefits if there is any question as to its propriety, you should discuss the matter with the Corporation's Compliance Officer.

### **PAYMENTS TO OFFICIALS AND CONTRACTORS**

We believe in ethical and fair practices for conducting domestic and international business and are committed to a zero-tolerance stance towards bribery and any other form of corrupt behaviour on the part of any of our Personnel, and third parties with whom we conduct business. As a global business, we are committed to complying with anti-corruption laws that apply to our worldwide operations prohibiting bribery of both foreign and domestic public officials. Violations of these laws can lead to serious reputational damage and criminal consequences for the Corporation and our Personnel.

The Corporation's Anti-Corruption Policy prohibits all forms of improper payments (including bribes, kickbacks and facilitation payments) made directly or indirectly to public officials and other third parties. Our Anti-Corruption Policy is intended to ensure that we do not receive an improper advantage in our business dealings and that all payments and expenses are properly recorded in our financial books and records.

The Anti-Corruption Policy also covers procedures for certain high risk areas such as gifts, hospitality and travel, engaging and managing contractors who will be liaising with public officials on our behalf, and accurate financial record keeping. All Personnel and third parties with whom we do business must familiarize themselves with and follow the Corporation's Anti-Corruption Policy.

### **REPORTING OF ANY UNLAWFUL OR UNETHICAL BEHAVIOUR**

We have a strong commitment to conduct our business in a lawful and ethical manner. Personnel are encouraged to talk to supervisors, managers or other appropriate Personnel when in doubt about the best course of action in potentially unethical or unlawful situations. All violations of laws, rules, regulations or this Code will be reported to the Compliance Officer or Human Resources Manager to ensure timely, thorough and objective investigations into such matters. The Whistleblower line is an avenue available for all Personnel to ensure anonymity. We prohibit retaliatory action against any Personnel who, in good faith, reports a possible violation. It is unacceptable to file a report knowing it to be false.

The Compliance Officer will provide a quarterly summary of any activities that contravene this Policy to Senior Management and the Lead Director. Any situation or event that is determined to be material or poses a significant risk to the Corporation will be communicated to Senior Management and the Lead Director immediately.

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## CODE OF CONDUCT & ETHICS

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### DIRECTORS ROLE IN THE CODE OF CONDUCT AND ETHICS

To the extent that management is unable to make a determination as to whether a breach of this Code has taken place, the Board of Directors will review any alleged breach of the Code to determine if a breach has occurred.

Any waiver of this Code for Executive Officers or Directors will be made only by the Board of Directors or a committee of the Board of Directors and conduct by a Director or Executive officer which constitutes a material departure from this Code may be promptly disclosed if required by law or stock exchange regulation.

### COMPLIANCE PROCEDURES

This Code cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances we encourage you to use your common sense, and to contact your supervisor, manager or a member of human resources for guidance.

If you do not feel comfortable discussing the matter with your supervisor, manager or human resources, please call any of the following:

CONTACT	POSITION	PHONE NUMBER
Whistleblower Hotline	Whistleblower@phxtech.com	403-930-9047
John Hooks	Chief Executive Officer	403-930-9050
Mike Buker	President	713-337-0576
Cameron Ritchie	Senior Vice President, Finance & Chief Financial Officer	713-337-0570
Myron Tetreault	Lead Director	403-294-1042
Doug Webb	Global QHSE Manager & Corporate Compliance Officer	403-930-9029
Koula Pearson	Payroll & Human Resources Manager	403-930-9004

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## CODE OF CONDUCT & ETHICS

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### ACKNOWLEDGEMENT

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Ethics of PHX Energy Services Corp. and agree to conduct myself in accordance with the Code.

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Signature

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Print

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Date

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### ANNUAL AFFIRMATION AND DECLARATION

By signing this form, the undersigned confirms that, to the best of his or her knowledge and belief, each dealing or transaction to which he or she has been party, directly or indirectly, on behalf of this Corporation:

- was characterized by honesty and integrity;
- complies with applicable laws and regulations;
- did not involve any unethical dealings, unbooked fees, special favours, benefits or contributions to any private party, government or government agency;
- did not involve any unlawful arrangements with competitors,
- was recorded and properly described on the Corporation's books; and
- was, in all material respects, duly disclosed to the Corporation in a timely fashion.

If there are any exceptions, please describe them on the reverse side.

Please answer "Yes" or "No" to the following questions. If the answer to any question is "Yes," full details must be given on the reverse side.

- A. Have you or, to your knowledge, has any member of your immediate family, at any time during the period since the later of: (i) the last time you completed the Compliance Affirmation for Directors and Senior Officers; and (ii) the earliest date you became a Director and/or Senior Officer of the Corporation:
- a) engaged, directly or indirectly, in any transaction for the purchase or sale of materials or other property, or services by or to PHX Energy Services Corp., or any of its subsidiaries or divisions thereof (hereinafter collectively called the "Corporation"), otherwise than in the normal capacity of director, officer or employee of the Corporation;  
Yes\_\_\_\_ No\_\_\_\_
  - b) been an officer, director, partner or employee of any corporation, partnership or other organization which, to your knowledge, has engaged in any transaction described in (a) above with the Corporation;  
Yes\_\_\_\_ No\_\_\_\_

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- c) been interested monetarily, directly or indirectly, in any organization doing business with the Corporation (unless as a holder of less than 1% of the voting securities issued by a corporation whose securities are publicly traded); and

Yes\_\_\_\_ No\_\_\_\_

- d) been a recipient, directly or indirection, of any payments or material gifts of any kind from or on behalf of any organization doing business with the Corporation (unless by way of dividend or interest payments made by a corporation whose securities are publicly traded)?

Yes\_\_\_\_ No\_\_\_\_

- B. Is any transaction contemplated, involving you or any member of your immediate family, which, if consummated, would be described in answer to any of the preceding items?

Yes\_\_\_\_ No\_\_\_\_

- C. Are you aware of any interest or activity on your part, or on the part of any member of your immediate family, which is in conflict with the interests of the Corporation?

Yes\_\_\_\_ No\_\_\_\_

\_\_\_\_\_  
(Please sign)

\_\_\_\_\_  
(Print name)

\_\_\_\_\_  
Title

Dated \_\_\_\_\_



## OBJECTIVE AND SCOPE

The objectives of the Disclosure, Confidentiality and Trading Policy (the "**Disclosure Policy**") are (i) to ensure that the communications of PHX Energy Services Corp. and its subsidiaries (collectively, "**Phoenix**" or the "**Corporation**") with the public are timely, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements; (ii) ensure that non-publicly disclosed information remains confidential; and (iii) ensure that trading of Phoenix's securities by directors, officers and employees of Phoenix remains in compliance with applicable securities laws.

The Disclosure Policy documents the disclosure policies and practices of Phoenix and aims to promote an understanding of the legal requirements among Phoenix's directors, officers and employees.

This policy is also intended to assist the Chief Executive Officer and Chief Financial Officer of Phoenix in making certifications with respect to the disclosure controls of Phoenix required under Multilateral Instrument 52-109 and to assist any director or officer of Phoenix in the conduct of the investigation required to provide a defense to any action against such director or officer based on a misrepresentation or failure to make timely disclosure.

This Disclosure Policy extends to all directors, officers and employees of Phoenix, those authorized to speak on its behalf and all other insiders and covers all disclosure, including disclosure made in:

- all statutorily mandated documents filed with securities regulators.
- all written statements made in non-mandated documents such as letters to shareholders, presentations by senior management and information contained on Phoenix's website and in other electronic communications.
- all oral statements including oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.
- any other communication, the content of which would reasonably be expected to effect the market value or price of any security of Phoenix.

## DISCLOSURE COMMITTEE

Phoenix has established a Disclosure Committee consisting of the following individuals:

- Chief Executive Officer
- President
- Senior Vice President, Finance and Chief Financial Officer
- Global Strategy & Communications Manager

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## DISCLOSURE, CONFIDENTIALITY & TRADING POLICY

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The Disclosure Committee has been established with the responsibility of overseeing Phoenix's disclosure practices.

The Disclosure Committee will communicate as required, maintain documentation of its activities and consult with legal counsel as appropriate. The Disclosure Committee shall have the authority to retain experts, including lawyers, accountants, engineers and other persons, to assist the Disclosure Committee as it deems necessary.

It is essential that the members of the Disclosure Committee be kept fully apprised of all pending material developments concerning Phoenix in order to evaluate and discuss those events and to determine the appropriateness and timing of public release of information. If any officer, director or employee of Phoenix becomes aware of any information which may constitute material information they must forthwith advise one of the members of the Disclosure Committee. If any officer, director or employee is unsure whether or not information is material, they should immediately contact a member of the Disclosure Committee before disclosing it to anyone. If it is deemed that material information should remain confidential, the Disclosure Committee will determine how that information will be controlled.

The Disclosure Committee will ensure that the Board of Directors of PHX Energy Services Corp. (the "**Board**") is promptly and fully informed regarding potential disclosure issues facing Phoenix as they may arise from time to time. This includes circumstances in which aspects of potentially material information or an underlying matter may not then be known or fully know, investigation or analysis of potentially material information or an underlying matter is incomplete or the impact or magnitude of potentially material information or an underlying matter remains to be fully determined.

All written public disclosures shall be circulated for review to all members of the Disclosure Committee and approved by a majority of the Disclosure Committee, at least one of which shall be the CEO, President or CFO. All such disclosures shall also be reviewed and approved by the Board or a committee of the Board if required by law or this Disclosure Policy. In any event the following documents will be reviewed in whole or part by the appropriate committee of the Board and recommended to and approved by the Board (or the members thereof) or reviewed and approved by the Board (or the members thereof):

- annual and interim financial statements and related management's discussion and analysis of operations and related press releases.
- information circulars for any meetings of shareholders and related press releases.
- annual information form for Phoenix.
- any press release containing material information relating to Phoenix except for routine press releases or where immediate release is required to comply with law or the rules of any stock exchange where Phoenix's securities are listed.
- any take-over bid circulars, issuer bid circular, director's circular or rights offering circular.
- The Disclosure Committee will recommend changes to this Disclosure Policy as needed to comply with changing regulatory requirements.

## **DETERMINING MATERIALITY**

Material information is any information relating to the business and affairs of Phoenix that results in, or would reasonably be expected to result in, a significant change in the market price or value of Phoenix's listed securities, or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions. Material information may include, but is not limited to, the following:

- changes in corporate structure.
- changes in capital structure.
- changes in financial results.
- change in dividend policy.
- changes in business and operations.
- significant acquisitions and dispositions by Phoenix.
- acquisitions of significant assets of Phoenix or securities of Phoenix or other business combinations involving Phoenix.
- significant alterations in capital budgets.
- significant legal or other regulatory actions involving Phoenix.
- changes in credit arrangements.

It is the Disclosure Committee's responsibility to determine what information is material in the context of Phoenix's affairs. The Disclosure Committee must take into account a number of factors in making judgments concerning the materiality of information. Factors include the nature of the information itself, the volatility of Phoenix's securities and prevailing market conditions.

In complying with the requirement to disclose material information under applicable laws and stock exchange rules, Phoenix will adhere to the following basic disclosure principles:

- subject to certain exceptions, material information will be publicly disclosed immediately via news release.
- disclosure will include any information, the omission of which would make the rest of the disclosure misleading, and will provide sufficient detail to permit investors to appreciate the substance and importance of the information.
- unfavourable information will be disclosed just as promptly and completely as favourable information.
- selective disclosure is not acceptable. If previously undisclosed material information has been inadvertently disclosed to any person who is not bound by an express confidentiality obligation, such information will be broadly disclosed immediately via news release. Disclosure made to analysts cannot be protected by a confidentiality agreement.

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- if material information that is not in the public domain is to be announced at an analyst or shareholder meeting or a news conference, its announcement must be coordinated with a general public announcement by news release.
- derivative information (which is information extracted from a document filed on behalf of another person or company) which is included in a document or oral statement should include a reference identifying the document that was the source of the information.
- dissemination of information via Phoenix's website alone does not constitute adequate disclosure of material information.
- disclosure must be corrected immediately if it is subsequently discovered that earlier disclosure contained a material error at the time it was given.

### DISCLOSURE CONTROLS AND PROCEDURES

The Disclosure Committee shall establish specific procedures and timetables which shall be adhered to by Phoenix and its employees for the preparation of all Disclosure Statements, and, wherever practicable, their review by such personnel, the auditors and external legal counsel, as the Disclosure Committee may determine and, ultimately their dissemination in compliance with this Policy. In addition to review of all Disclosure Statements, the Disclosure Committee may employ questionnaires to directors and officers, formal or informal due diligence sessions, certifications of officers and other employees and involvement of experts. The Disclosure Committee may elect to, at any time, adopt controls and procedures that are different than those which have been previously established, provided that such controls and procedures are approved by the Board of Directors and, in the opinion of the Disclosure Committee, satisfactory to ensure that Disclosure Statements are disclosed in compliance with this Policy.

The Disclosure Controls and Procedures will involve the following:

- identification of all continuous disclosure requirements under securities laws, rules and policies applicable to Phoenix.
- identification of the individuals responsible for preparing reportable information and individuals, whether internal or external, responsible for reviewing reports or portions of reports to verify disclosure made with respect to their areas of responsibility or expertise.
- establishment of timetables for the preparation and adequate review of reportable information.
- procedures for obtaining "sign-off" on disclosure of reportable information and receipt of written consents from all experts whose reports are included or referred to in any disclosure.
- procedures for the identification and timely reporting to the Disclosure Committee of information which may constitute material information or which may constitute a material change to previously disclosed material information, including the identification of individuals who are likely to learn first about events outside the control of Phoenix that may give rise to material information.

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- procedures for the identification and reporting to the Audit Committee of the board of directors of any fraud, whether or not material, that involves management or other employees who have a significant role in Phoenix's internal controls.
- ensuring the procedures are followed with respect to the release of each disclosure made in writing and for the review of any disclosure made orally.
- ongoing evaluation of Phoenix's disclosure controls and procedures.

### TRADING RESTRICTIONS AND BLACKOUT PERIODS

It is contrary to policy and also unlawful for anyone with knowledge of material information affecting a public issuer that has not been publicly disclosed to purchase or sell securities of that issuer. It is contrary to policy and also unlawful for anyone to inform any other person of material non-public information, except in the necessary course of business and where approved by the Disclosure Committee.

There are serious sanctions for these matters, including substantial fines and potential jail sentences of up to 10 years for insider trading and up to 5 years for "tipping". Therefore, directors, officers and employees with knowledge of confidential or material information about Phoenix or counter-parties in negotiations of potentially material transactions are prohibited from trading securities of Phoenix or any counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

Quarterly trading blackout periods will apply to all directors, officers and employees during periods when financial statements are being prepared but results have not yet been publicly disclosed. Quarterly trading blackouts will normally commence on the date that is 21 days (other than the fourth quarter which blackout shall commence on the date that is 45 days) following the end of the financial period and end after the close of markets on the first full trading day following the issuance of a news release disclosing financial results.

Blackout periods may also be prescribed from time to time by the Disclosure Committee as a result of special circumstances relating to Phoenix when directors, officers and employees would be precluded from trading in its securities. All parties with knowledge of such special circumstances should be covered by the blackout. These parties may include external advisors such as legal counsel, investment bankers, and other professional advisors, and counter-parties in negotiations of material potential transactions. The fact that a trading blackout has been imposed should not be discussed with other parties. For confidentiality purposes the Disclosure Committee may determine that the reasons for the blackout are not to be given. In extraordinary circumstances, the Disclosure Committee may grant a waiver of the blackout period to a director, officer or employee.

In addition, in connection with a take-over bid, issuer bid or business combination or a prospectus offering, private placement, amalgamation, arrangement, capital reorganization or similar transaction, subject to certain limited exemptions (such as exercise of previously granted options, retention awards or similar rights), neither Phoenix nor any director or officer or other insider of Phoenix shall bid for or purchase a "restricted security" for their own account or for an account over which they exercise control

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or direction or attempt to induce or cause any person or company to purchase a restricted security. A restricted security for this purpose is the securities offered pursuant to the prospectus or private placement offer or offered by Phoenix pursuant to any securities exchange take-over bid, any security of Phoenix subject to an issuer bid or a security of Phoenix issuable pursuant to a Business Combination.

These restrictions shall apply: (i) in the case of a private placement or public offering commencing on the date that is two trading days prior to the date that the offering price of the offered securities is determined and ending on the date that the selling process in respect of the offering ends and all stabilizations relating to the offered security are terminated; (ii) in the case of a take-over bid or issuer bid, commencing on the date of dissemination of the take-over bid or issuer bid circular and ending on the termination of the period during which the securities may be deposited under the bid; and (iii) in the case of another type of Business Combination, commencing on the date that the information circular for such transaction is disseminated and ending on the date of approval of the transaction by security holders.

A member of the Disclosure Committee should be consulted if there is any question as to when these restrictions shall have ceased to apply in any particular circumstance. Legal counsel shall be consulted prior to any discussions, written or otherwise, with any stakeholder.

For greater certainty, the foregoing blackout period shall apply to the exercise of options granted pursuant to the Phoenix Share Option Plan. In addition, as the value of retention awards granted pursuant to the Phoenix Retention Award Plan is dependent upon the trading price of the shares of Phoenix, the foregoing blackout provisions shall also apply to the exercise of retention awards as if they were options, other than on the deemed exercise of the retention awards pursuant to their terms.

For greater certainty, the foregoing blackout periods shall apply to the exercise of options and retention awards pursuant to the Corporation's incentive plans.

In addition to and notwithstanding the generality of the provisions set forth above, Phoenix has adopted the following procedure applicable to all purchases and sales of securities of Phoenix by directors and officers of Phoenix ("Insiders"). The procedure is designed to avoid the appearance of impropriety and recognizes the possibility that Insiders could innocently engage in trading activities which, although not unlawful because of the absence of inside information on the part of the particular individuals involved, could give rise to the appearance of impropriety because confidential inside information is known to other persons within Phoenix. In order to avoid these unfortunate results, Phoenix has adopted a procedure whereby Insiders must not, directly or indirectly, engage in trading of securities of Phoenix without first obtaining clearance to trade by e-mail from Phoenix's Chief Executive Officer or Senior Vice President, Finance, Chief Financial Officer or such other officer as the Disclosure Committee may designate from time to time (the "**Designated Officers**"). Clearance will generally be granted, subject to all other terms and conditions of this Policy, except in cases where the Designated Officers determine that Phoenix currently possesses material non-public information that is likely to affect the market price of Phoenix's securities or could affect the decision of a reasonable investor.



A member of the Disclosure Committee should be consulted if there is any question as to when these restrictions shall have ceased to apply in any particular circumstance. Legal counsel shall be consulted prior to any discussions, written or otherwise, with any stakeholder.

## **SHORT SALES, PUTS, CALLS AND OPTIONS**

Directors, officers and all employees of Phoenix, shall not knowingly sell, directly or indirectly, a security of Phoenix if such person selling such security does not own or has not fully paid for the security to be sold. Directors, officers and employees of Phoenix shall not, directly or indirectly, buy or sell a call or put in respect of a security of Phoenix provided the foregoing shall not restrict a derivative or similar transaction involving an interest in or an economic interest in a security held by a director, officer or employee or a similar transaction or similar transaction approved by the Corporate Governance. Notwithstanding these prohibitions, directors, officers and employees of Phoenix may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

## **MAINTAINING CONFIDENTIALITY**

Any employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to confidential information to only those who need to know the information and those persons will be advised that the information is to be kept confidential.

Outside parties privy to undisclosed material information concerning Phoenix must be told that they must not divulge such information to anyone else, other than in the necessary course of business, and that they may not trade in Phoenix's securities until the information is publicly disclosed.

To prevent the misuse or inadvertent disclosure of material information, the following procedures should be observed at all times:

- documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who "need to know" that information in the necessary course of business. Code names should be used if necessary.
- confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
- confidential matters should not be discussed on cell phones or other wireless devices.
- confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
- employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.

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- transmission of documents by electronic means, such as by fax, e-mail or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
- unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
- access to confidential electronic data should be restricted through the use of passwords.

### CONFIDENTIAL MATERIAL INFORMATION

In certain circumstances, the Disclosure Committee may determine that disclosure of certain information would be unduly detrimental to Phoenix (for example, if releasing the information would prejudice negotiations in a corporate transaction), in which case, the information will be kept confidential until the Disclosure Committee determines it is appropriate to publicly disclose. In such circumstances, the Disclosure Committee will cause a confidential material change report to be filed with the applicable securities regulators and will periodically (at least every 10 days) review its decision to keep the information confidential. In addition, the Disclosure Committee will inform the Chairman of the Board and the Lead Director of its decision.

Where disclosure of a material change is delayed, Phoenix must maintain complete confidentiality. During the period before a material change is disclosed, market activity in Phoenix's securities should be carefully monitored. Any unusual market activity may mean that news of the matter has been leaked and that certain persons are taking advantage of it. If the confidential material change, or rumors about it, have leaked or appear to be impacting the price of the securities, Phoenix should immediately take steps to ensure that a full public announcement is made. This would include contacting the relevant stock exchange and asking that trading be halted pending the issuance of a news release.

Where a material change is being kept confidential, persons with knowledge of the material change may not use such information in purchasing or selling its securities. Such information should not be disclosed to any person or company, except in the necessary course of business. If Phoenix discloses material information under the "necessary course of business" exception, it should make sure that those receiving the information understand that they are now in a "special relationship" with Phoenix and cannot pass the information on to anyone else (other than in the "necessary course of business"), or trade on the information, until it has been generally disclosed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with Phoenix should be considered.



## **DESIGNATED SPOKESPERSONS**

Phoenix has designated the following spokespersons responsible for communication with the investment community, regulators and the media:

- Chief Executive Officer.
- President
- Senior Vice President, Finance and Chief Financial Officer.

The individuals listed above may, from time to time, designate others within Phoenix to speak on behalf of Phoenix, as back-ups or to respond to specific inquiries.

Employees and directors who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. All such inquiries should be referred to one of the designated spokespersons.

## **NEWS RELEASES**

Subject to the other requirements of this Disclosure Policy, once the Disclosure Committee determines that a development is material, it will authorize the issuance of a news release, unless the Disclosure Committee determines that such development should remain confidential for a period of time, in which case appropriate confidential filings will be made and controls of that inside information will be instituted. Should material undisclosed information be inadvertently disclosed on a selective basis, Phoenix will issue a news release as soon as practicable in order to fully disclose that information.

Pending the public release of any such material information, the parties who have knowledge of the information should be advised that the information is material and has not been generally disclosed.

If the stock exchange upon which Phoenix's securities are listed is open for trading at the time of a proposed announcement, Phoenix will endeavour to provide prior notice of a news release announcing material information to the market surveillance division of the exchange to enable market surveillance to determine if a trading halt is in order. If a news release announcing material information is issued outside of trading hours, Phoenix will endeavour to provide notice to market surveillance before the news release is issued.

News releases containing guidance and financial results will be reviewed by the Audit Committee prior to issuance. Annual and interim financial results will be publicly released as soon as practicable following board approval of the applicable press release and related financial statements.

News releases will be disseminated through an approved news wire service that provides simultaneous national distribution. News releases will also be posted on Phoenix's website after release over the news wire.

## **CONFERENCE CALLS**

Conference calls may be held to enable management to discuss quarterly earnings and major corporate developments. Conference calls shall be simultaneously accessible to all interested parties, whether they actively participate by telephone, or merely listen in by telephone or through an Internet webcast. Each such call will be preceded by a news release setting out relevant material information. At the beginning of the call, a spokesperson of Phoenix will provide appropriate cautionary language respecting any forward-looking information, and will direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties. In advance of a conference call or industry conference call, to the extent practicable, Phoenix will endeavour to script comments and responses to anticipated questions to identify material information that should be publicly disclosed and will limit comments and responses to non-material information and material information that has previously been publicly disclosed.

Phoenix will provide advance notice of any conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and webcast. In addition, Phoenix may invite analysts, institutional investors, the media and other interested parties to participate. A tape recording of the conference call and/or an archived audio webcast will be made available for a minimum of 72 hours following the call.

The Disclosure Committee may hold a debriefing meeting immediately after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed material information, Phoenix will immediately disclose such information broadly via news release.

## **RUMOURS**

Phoenix does not comment, affirmatively or negatively, on rumours. Phoenix's spokespersons will respond consistently to any rumours with the following comment: "It is our policy not to comment on market rumours or speculation."

Should the stock exchange on which Phoenix's securities are listed request that Phoenix make a definitive statement in response to a market rumour that is causing significant volatility in the securities of Phoenix, the Disclosure Committee will consider the matter and decide whether to make a policy exception. If the rumour is true, in whole or in part, Phoenix will immediately issue a news release disclosing the relevant information.

## **CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA**

Meetings with analysts and significant investors are an important element of Phoenix's investor relations program. Phoenix will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in accordance with this Disclosure Policy.

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered to be material non-public information. If Phoenix intends to announce material information

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at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release. Material prepared for any such meetings should be circulated for review to all members of the Disclosure Committee prior to the meeting with a view to eliminating inadvertent selective disclosure and verifying the accuracy of any such materials.

Phoenix will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information. Phoenix cannot alter the materiality of information by breaking down the information into smaller, non-material components.

If, contrary to the provisions hereof, it is discovered that selective disclosure of previously undisclosed material information has been made in any conversations with analysts or investors, Phoenix will immediately disclose such information broadly via news release.

### **REVIEWING ANALYST DRAFT REPORTS AND MODELS**

It is Phoenix's policy to review, upon request, analysts' draft research reports or models. Phoenix will review the report or model for the purpose of pointing out errors in factual content only based on publicly disclosed information. It is Phoenix's policy, when an analyst inquires with respect to his or her estimates, to question an analyst's assumptions if the estimate is a significant discrepancy from the range of estimates or Phoenix's published earnings guidance. Phoenix will limit its comments in responding to such inquiries to non-material information. Phoenix will not confirm, or attempt to influence, an analyst's opinions or conclusions and, except as provided above, will not express comfort with the analyst's model and earnings estimates.

So as not to endorse an analyst's report or model, Phoenix will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

### **DISTRIBUTING ANALYST REPORTS**

Analyst reports are proprietary products of the analyst's firm. Re-circulating an analyst's report may be viewed as an endorsement by Phoenix of the report. For these reasons, Phoenix will not provide analyst reports through any means to persons outside of Phoenix, including posting such information on its website. Phoenix may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on Phoenix. If provided, such list will not include links to the analysts' or any other third party websites or publications.

Phoenix may distribute analyst reports internally to directors and senior officers, and to Phoenix's financial and professional advisors.

## FORWARD-LOOKING INFORMATION

- Should Phoenix elect to disclose forward-looking information ("FLI") in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed:
- the information, if deemed material, will be broadly disseminated in accordance with this Disclosure Policy.
- the information will be published only if there is a reasonable basis for drawing the conclusions or making the forecast and projections and will be clearly identified as forward-looking.
- Phoenix will identify material factors and assumptions used in the preparation of the FLI.
- the information will be accompanied by meaningful cautionary statements and statements proximate to such information that identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement, which may include a sensitivity analysis to indicate the extent to which different business conditions from the underlying assumptions may affect the actual outcome.
- public oral statements also require a cautionary statement that actual results could differ materially and a reference to material factors and assumptions that could cause actual results to differ materially and that such factors or assumptions are contained in a readily available document.
- the information will be accompanied by a statement that disclaims Phoenix's intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, Phoenix may issue a news release explaining the reasons for the difference; in such cases, Phoenix will update its guidance on the anticipated impact on production and distributions (or other key metrics).

If Phoenix provides material FLI or future-oriented financial information ("FOFI") (as defined in National Instrument 51-102 ("NI 51-102")), Phoenix will comply with the provisions of NI 51-102 with respect thereto, including in circumstances where actual results differ materially from the material forward looking statement, any FOFI or financial outlook or if any material forward looking information is withdrawn.

## CORRECTING DISCLOSURE

Any director, officer or employee of Phoenix who believes that any public disclosure of Phoenix, including any documents released by Phoenix or any public oral statements, contains a misrepresentation in any material respect (by omission or otherwise) shall promptly notify a member of the Disclosure Committee of such misrepresentation, and such member shall inform the Board and take appropriate steps to correct such misrepresentation promptly, and in any event within two business days. In addition, any director, officer or employee who has concerns about whether or not information is undisclosed material information, should contact a member of the Disclosure Committee in respect of such matter.



## **QUIET PERIODS**

In order to avoid the potential for selective disclosure, or the perception or appearance of selective disclosure, Phoenix will observe quiet periods prior to quarterly earnings announcements or when material changes are pending. During a quiet period communications with analysts and investors should be limited to responding to inquiries concerning publicly available or non-material information. The quiet period normally commences on the date that is 21 days (other than the fourth quarter which blackout shall commence on the date that is 45 days) following the end of the financial period and end after the close of markets on the first full trading day following the issuance of a news release disclosing financial results.

Additional quiet periods may be established from time to time by Phoenix as a result of special circumstances relating to Phoenix. The existence of a special purpose quiet period will be communicated by a means approved by the Disclosure Committee (which may include e-mail).

If Phoenix is invited to participate, during a quiet period, in investment meetings or conferences organized by others, the Disclosure Committee will determine, on a case-by-case basis, if it is advisable to accept these invitations. If accepted, caution will be exercised to avoid selective disclosure of any material undisclosed information.

## **RESPONSIBILITY FOR ELECTRONIC COMMUNICATION**

This Disclosure Policy applies to electronic communications. Accordingly, directors, officers and personnel responsible for written and oral public disclosures are also responsible for electronic communications.

Phoenix will continuously update the investor relations section of Phoenix's website and will monitor all information placed on the website for accuracy, completeness, currency and compliance with relevant securities laws.

The Disclosure Committee must approve all links from Phoenix's website to a third party website. Any such links will include a notice that advises the reader that he or she is leaving Phoenix's website and that Phoenix is not responsible for the contents of the other site.

Investor relations material will be contained within a separate section of Phoenix's website and will include a notice that advises the reader that the information posted was considered accurate at the time of posting, but may be superseded by subsequent disclosures or become inaccurate over time. All data posted to the website, including text and audiovisual material, will identify the date such material was issued. Any material changes in information will be updated as soon as possible.

Disclosure on Phoenix's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on the website will be preceded by the issuance of a news release. Phoenix will, however, endeavour to concurrently post to its website all documents filed on SEDAR in an effort to improving investor access to its information. Where practicable, Phoenix will also endeavour to post on its website all supplemental information as given to analysts, institutional investors and other market professionals such as data books, fax sheets,

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slides of investors' presentations and other relevant materials. Responses to electronic inquiries will be provided as appropriate. Only public information or information that could otherwise be disclosed in accordance with this Disclosure Policy will be utilized in responding to electronic inquiries.

In order to avoid inadvertent disclosure of material undisclosed information, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to Phoenix's activities or its securities. Employees who encounter a discussion pertaining to Phoenix should advise a member of the Disclosure Committee immediately, so the discussion may be monitored.

Each employee's corporate e-mail address is, in fact, an address of Phoenix. Therefore, all correspondence received and sent by e-mail is to be considered correspondence of Phoenix.

### **INSIDER TRADING REPORTS**

Directors, senior officers, "significant shareholders" and others who are "reporting insiders" (as such terms are defined in National Instrument 55-104) of Phoenix are required to file insider trading reports within 5 days of a change in their ownership position in any securities of Phoenix (this includes the grant of options or other convertible securities to such persons or the exercise by them of such options or convertible securities). Such persons are also required to file an "initial" insider report within 5 days of the date on which the person or Phoenix became an insider (an initial report is not required, however, when a person becomes an insider if he/she has no direct or indirect beneficial ownership, control or direction over securities of Phoenix). Additionally, reporting insiders may be subject to supplemental insider reporting requirements where a reporting insider of Phoenix enters into, materially amends, or terminates an agreement, arrangement or understanding as described in National Instrument 55-104. If a person falls into one of these categories, that person likely will be required to file insider trading reports in other provinces and should consult a member of the Disclosure Committee as soon as possible whenever the individual trades securities to confirm his/her statutory obligations.

It is the responsibility of the particular director, senior officer or principal shareholder to file their insider trading reports as required. This responsibility applies whether or not the individual files the report themselves or relies upon some third party (including Phoenix) to do so.

### **IN DISTRIBUTION**

If Phoenix is in the process of distribution of securities, such as when a private placement or prospectus offering has been announced or a prospectus has been filed, careful vigilance is required and "extra" disclosure should be avoided. It is advisable, where practicable, to avoid public presentations during the distribution period. Legal counsel shall be consulted prior to any discussions, written or otherwise, with any stakeholder.



## **COMMUNICATION AND ENFORCEMENT**

This Disclosure Policy extends to all directors, officers and employees of Phoenix, as well as consultants and advisors retained by Phoenix and any other person authorized to act as a spokesperson of Phoenix. New directors, officers and employees will be provided with a copy of this Disclosure Policy and will be advised of its importance. This Disclosure Policy will be circulated to the foregoing individuals on an annual basis and whenever changes are made to its contents, or alternatively, be made available via Phoenix's website.

Any employee who violates this Disclosure Policy may face disciplinary action up to and including termination of his or her employment with Phoenix without notice. Violation of this Disclosure Policy may also violate certain securities laws. If it appears that an employee may have violated such securities laws, Phoenix may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

The Disclosure Committee shall monitor the effectiveness and integrity of this policy and report to the Corporate Governance Committee.

**APPENDIX A – DISCLOSURE COMMITTEE MANDATE**

1. To review, on an ongoing basis, Phoenix's Disclosure Policy to ensure that it addresses Phoenix's principal business risks, changes in operations or structure, and facilitates compliance with applicable legislative and regulatory reporting requirements.
2. To design a set of "disclosure controls and procedures" to provide reasonable assurance that:
  - i. the Disclosure Policy is effectively implemented across all business units and corporate functions; and
  - ii. information of a material nature is accumulated and communicated to senior management, including the Chief Executive Officer, President and the Senior Vice President, Finance and Chief Financial Officer, to allow timely decisions on required disclosures and certification.
3. To review prior to issuance or submission to the Audit Committee (or other appropriate committee of the Board of Directors) or Board of Directors:
  - i. annual and interim filings, management information circulars, material change reports, annual information forms, and any other information filed with securities regulators;
  - ii. news releases containing financial information, earnings guidance, information about material acquisitions or dispositions, or other information material to investors;
  - iii. presentations and reports containing financial information broadly disseminated to analysts, creditors and investors, including financial information displayed on Phoenix's website; and
  - iv. oral disclosures requiring review pursuant to the Disclosure Policy.
4. To direct and supervise an annual evaluation of the effectiveness of Phoenix's disclosure controls and procedures.
5. To monitor compliance with Phoenix's Disclosure Policy.
6. To educate Phoenix's directors, officers and employees on disclosure issues and the Disclosure Policy.
7. To monitor the disclosure made on Phoenix's website.
8. To bring to the attention of the other members of the Disclosure Committee all relevant information with respect to the Committee's activities, the annual or interim filings, and the evaluation of the effectiveness of Phoenix's disclosure controls and procedures.

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# INCENTIVE CLAWBACK POLICY

Global

Date: 11-04-2020

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## PURPOSE

This Incentive Compensation Clawback Policy (the “**Policy**”) has been implemented to ensure that the board of directors (the “**Board**”) of PHX Energy Services Corp. (“**PHX Energy**”), and its human resources compensation committee (the “**HRC Committee**”), is able to take direct, appropriate action to rectify or prevent the unjust enrichment of any member of Senior Management who, through his or her own Misconduct, improperly receives Incentive Compensation beyond what he or she would, in the absence of such Misconduct, have otherwise been entitled to receive. It is not intended to penalize individuals for bona fide errors in judgment made in good faith, nor second guess legitimate business decisions that subsequently come under scrutiny; rather, it is designed to target and discourage intentional, dishonest behavior undertaken by Senior Management leading to unjust enrichment due to inaccurate financial results reporting.

## APPLICATION

This Policy is intended to operate in addition to any requirements that may exist from time to time under Applicable Rules and, to the extent the Corporation or its Board is obligated to comply with any such Applicable Rules, this Policy shall be read to incorporate such obligations and shall require the Corporation or the Board to discharge its duties as prescribed thereunder. If there is any conflict between the provisions of this Policy and the requirements under Applicable Rules, the latter shall prevail and this Policy shall be amended to rectify any such conflict.

This Policy applies to all persons who are or become Senior Management on or after the Effective Date and applies to all Incentive Compensation awarded, granted or paid to, or exercised by, a Senior Manager on or after the Effective Date.

## DEFINITIONS

In addition to terms defined elsewhere in this Policy, the following terms shall have the meanings set forth below.

“**Applicable Rules**” means any laws, regulations and rules of any stock exchange applicable to PHX Energy.

“**Effective Date**” means January 1, 2017.

“**Incentive Compensation**” includes cash bonuses, equity and cash based incentive awards granted or paid to an individual, or that an individual might become entitled to receive, under one or more of the Corporation’s incentive compensation programs in effect from time to time.

“**Misconduct**” means fraud or willful misconduct.

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# INCENTIVE CLAWBACK POLICY

Global

Date: 11-04-2020

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**“Overcompensation Amount”** means the portion of a Senior Manager's Incentive Compensation relating to the year(s) subject to a Restatement (or received upon exercise or payment of Incentive Compensation in or following the year(s) subject to a Restatement) which is in excess of the Incentive Compensation that the Senior Manager would have received for such year(s) if the Incentive Compensation had been computed in accordance with the results as restated under the Restatement, calculated on an after-tax basis to the Senior Manager.

**“Restatement”** means a restatement of PHX Energy's financial statements due to PHX Energy's material noncompliance with any applicable financial reporting requirement under securities laws. For greater certainty, a Restatement does not include a restatement caused by a change in applicable financial reporting requirements, or applicable accounting rules or interpretations.

**“Senior Management”** includes all individuals at the Vice-President level or above currently or previously employed by the Corporation or one or more of its wholly-owned direct or indirect subsidiaries, and **“Senior Manager”** refers to any such individual.

## INCENTIVE COMPENSATION CLAWBACK

In the event that PHX Energy makes a Restatement, the Board may, on the recommendation of the HRC Committee, subject to Applicable Rules, recover the Overcompensation Amount from a Senior Manager that engaged in, or had knowledge of and failed to act upon, the Misconduct which caused or significantly contributed to the Restatement and who received an Overcompensation Amount.

Before the Board or the HRC Committee determines to seek recovery pursuant to this Policy, it shall provide to the applicable Senior Manager written notice and the opportunity to be heard, at a meeting of the HRC Committee or the Board.

If the Board or the HRC Committee determines to seek a recovery pursuant to this Policy, it shall make a written demand for repayment from the Senior Manager and, if the Senior Manager does not within a reasonable period of time tender repayment in response to such demand, and the Board or the HRC Committee determines that he or she is unlikely to do so, the Board or the HRC Committee may seek a court order against the Senior Manager for such repayment.

In the absence of admission by a Senior Manager, the determination of whether Misconduct has occurred shall be made by the Board or the HRC Committee, acting reasonably and in good faith, upon completion of an internal investigation utilizing qualified, third-party financial and legal advice. All costs of the Corporation and the Senior Manager incurred in connection with any internal investigation undertaken shall be borne by the Corporation. An affected Senior Manager may be permitted, but shall not be obligated, to participate in any investigation undertaken pursuant to this Policy. Nothing contained in this Policy shall require a Senior Manager or any other person to make any admission of wrongdoing or to voluntarily acknowledge or submit to a determination of Misconduct by the Board or HRC Committee.

In carrying out the recovery of Overcompensation Amounts, the Board or the HRC Committee shall be entitled to pursue all legal and other remedies at its disposal including, without limitation, initiating legal action and cancelling or withholding vested, unvested and future Incentive Compensation awards. The

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## INCENTIVE CLAWBACK POLICY

Global

**Date:** 11-04-2020

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effect of tax and any third-party fines, penalties or damages imposed on the Senior Manager in respect of the Misconduct leading to the Overcompensation Amount will be considered by the Board or the HRC Committee, and appropriate credit given for such amounts, in determining the amount of the Overcompensation Amount to be recovered by the Board or the HRC Committee and appropriate recovery actions.

The Board and the HRC Committee may elect to not seek recovery to the extent it determines (i) that to do so would be unreasonable or (ii) that it would be better for the Corporation not to do so. In making such determination, the Board and the HRC Committee may take into account such considerations as it deems appropriate, including, without limitation, (A) the likelihood of success under governing law versus the cost and effort involved, (B) whether the assertion of a claim may prejudice the interests of the Corporation, including in any related proceeding or investigation, (C) the passage of time since the occurrence of the act in respect of the applicable fraud or intentional unlawful conduct and (D) any pending legal proceeding relating to the applicable fraud or intentional unlawful conduct.

### **GENERAL**

In exercising its discretion and determining the appropriate extent of recovery under this Policy and the steps to be taken to effect such recovery, the Board and the HRC Committee shall, as required by law, consider the best interests of the Corporation in the particular circumstances.

To the extent practicable and as permitted by law, including securities laws and stock exchange requirements pertaining to public disclosure, investigations and related findings under this Policy shall be undertaken and treated in a confidential manner.

Nothing contained in this Policy shall derogate from an individual's rights at law, nor shall it preclude or prevent the Corporation or any individual, including any Senior Manager to whom this Policy may be applied, from taking such actions or pursuing such remedies to which they may be entitled, including, as appropriate and without limitation, applications for injunction.

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## MAJORITY VOTING POLICY

Global

Date: 12-04-2019

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Nominees for election to the Board of Directors (the "**Board**") of PHX Energy Services Corp. ("**Phoenix**" or the "**Corporation**") will be asked annually to subscribe in writing to this Policy before their names are put forward by the Board for consideration at the annual meeting of shareholders of the Corporation.

Forms of proxy for the vote at shareholders' meetings where directors are to be elected will enable shareholders to vote "for", or to "withhold" from voting, separately for each nominee. At the shareholders' meeting, the chairman of the meeting will call for a vote by ballot on the election of directors. The scrutineers will record with respect to each nominee the number of votes cast "for" or "withheld" from a nominee, such numbers to be adjusted if required in accordance with the Corporation's share provisions, by-laws, policies and procedures.

This Policy applies only to uncontested elections. An "uncontested election" means any election of directors where the election does not involve the circulation of proxy material required by applicable securities legislation in support of one or more nominees who are not part of the nominee group supported by the Board.

In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "majority withhold vote") shall immediately tender his or her resignation for consideration by the Board to the Chair of the Nomination and Corporate Governance Committee promptly following certification of the shareholder vote. If the Chair of the Nomination and Corporate Governance Committee received a majority withhold vote, then he or she shall tender his or her resignation to the Chair of the Corporation. The resignation shall be made effective only upon acceptance by the Board.

The Nomination and Corporate Governance Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it. In determining whether to recommend acceptance or rejection of the tendered resignation, the Nomination and Corporate Governance Committee will consider all factors it deems relevant including, without limitation:

- a) the reasons, if known, why shareholders "withheld" or were requested or recommended to "withhold" votes from the director. In particular, the Nomination and Corporate Governance Committee will consider if shareholders "withheld" or were requested or recommended to "withhold" votes from the director for reasons other than the qualifications or individual actions of the director;
- b) the current mix of skills and attributes of the directors on the Board;
- c) the impact with respect to covenants in agreements or plans; and
- d) legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications.

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## MAJORITY VOTING POLICY

Global

**Date:** 12-04-2019

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The Board will consider the Nomination and Corporate Governance Committee's recommendation as soon as practicable and, in any event, not later than 90 days, following the date of the shareholders' meeting at which the election occurred. In deciding whether to accept or reject the tendered resignation, the Board will consider the factors considered by the Nomination and Corporate Governance Committee and any additional information and factors the Board believes to be relevant. The Board shall accept the tendered resignation absent a determination by the Board that exceptional circumstances support a decision to reject the tendered resignation.

Promptly following the Board's decision, and not later than 90 days following the date of resignation, the Corporation will disclose that decision, including an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation, in a press release, a copy of which must be provided to the Toronto Stock Exchange. If the Board decides to accept the director's resignation, the Nomination and Corporate Governance Committee will recommend to the Board whether to fill the resulting vacancy or to continue with the reduced size of the Board.

Any director who tenders his or her resignation pursuant to this Policy will not participate in the Nomination and Corporate Governance Committee's recommendation or the Board consideration whether to accept or reject the tendered resignation including any meetings in respect thereof. If a majority of the members of the Nomination and Corporate Governance Committee received a majority withhold vote at the same election, then the independent directors who did not receive a majority withhold vote will appoint a Board committee among themselves solely for the purpose of considering the tendered resignations and such special committee will recommend to the Board whether to accept or reject them within the 90 day period.

If there are not at least three independent directors who did not receive a majority withheld vote, then such director(s) may be counted for quorum requirements at a meeting of directors but shall not participate in any decision to accept or reject the tendered resignations. Except as set forth in this paragraph, a director who tenders his or her resignation pursuant to this Policy will continue to participate in all meetings of the Board and any applicable committees of the Board on which such director serves until such time, if applicable, as the Board decides to accept the director's tendered resignation.

In the event that any director who received a majority withhold vote does not tender his or her resignation in accordance with this Policy, he or she shall not be re-nominated by the Board and shall not be entitled to any benefits (financial or otherwise) of a director or past director of the Corporation.

The Nomination and Corporate Governance Committee may adopt such procedures as it sees fit to assist in its determinations under this Policy.

This Policy will be summarized or included in each management proxy circular relating to an election of directors of the Corporation.

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# PRIVACY POLICY

Global

Date: 11-04-2020

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## 1. INTRODUCTION

PHX Energy Services Corp. and its subsidiaries (“**Phoenix**”, “**we**” or “**us**”) consider matters relating to the protection of your Personal Information and your privacy to be extremely important. Phoenix has developed this Privacy Policy (the “**Policy**”) to inform you of the manner in which your Personal Information will be collected, used and disclosed and how your Personal Information will be protected.

## 2. POLICY

### a) Definitions

“**Employee**” is an individual employed by Phoenix or who is performing a service on behalf of Phoenix. This includes full-time and part-time employees, contract employees, temporary employees, volunteers and students.

“**Persons**” means, collectively: (i) all Employees, (ii) directors of Phoenix and (iii) independent contractors engaged with Phoenix.

“**Personal Information**” means information about an identifiable individual. Information of an aggregate or anonymous nature is not Personal Information under this Policy and therefore is not subject to the terms of this Policy.

### b) Confidentiality and Consent

All the Personal Information you provide to us is kept private and confidential and is collected, used, and disclosed only as allowed by this Policy. We do not in any way sell or trade any Personal Information with any organizations, governments or companies. We do not disclose Personal Information to third parties, unless you have granted us permission to do so or we are required or permitted by law to do so..

We ask you to acknowledge and sign this Policy, which authorizes Phoenix to use your Personal Information for the purposes listed in this Policy only.

Authorized Persons who have access to Personal Information must, at all times, use the physical and electronic security measures Phoenix has implemented, to ensure the confidentiality and security of that Personal Information.

We respect personal privacy and the expectation of privacy in personal matters. However, you should consider that anything you do while on Phoenix’s premises, on Phoenix’s time or using Phoenix’s resources might be searched, read, checked or monitored by management and/or security specialists at any time.

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## PRIVACY POLICY

Global

**Date:** 11-04-2020

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Phoenix may collect, use, and disclose your Personal Information for the purposes you consent to. By acknowledging this Policy, you expressly provide your consent to our collection, use, and disclosure of your Personal Information:

- as is reasonably required by Phoenix for the purposes of establishing, managing or terminating an employment or service relationship between you and Phoenix,
- as is reasonably required for our service providers to facilitate business transactions, including but not limited to payroll, benefit and travel functions; however, Phoenix will take reasonable steps to ensure these service providers are aware of, and agree to comply with the terms of, this Policy and only use or disclose Personal Information as required to deliver their contracted services, and
- as necessary in order to investigate, prevent or take action regarding illegal activities, suspected fraud, situations involving potential threats to the physical safety of any person, violations of Phoenix's Code of Business Conduct and Ethics, Anti-Corruption Policy, compliance legislation or as otherwise required by law.
- As necessary in connection with legal disclosure requirements of any legal, litigation, or review process whether or not subject to a subpoena or court order

Where we have collected your Personal Information for a particular use, we will not use your Personal Information for an additional use, unless we ask for, and you provide, your consent to that new use.

### **c) Accessing and Updating Information**

We need your help in making sure your Personal Information is correct and up-to-date. Please notify Human Resources or Payroll of changes to your name, address, title, phone number, bank account, emergency contacts or any other Personal Information.

Upon your reasonable request, Phoenix will provide you with information about our collection, use, and disclosure of your Personal Information and provide you with access to that Personal Information. Upon your request, Phoenix will correct inaccuracies in your Personal Information, or, subject to the limitations set out in this Policy, delete specific Personal Information of yours.

Your ability to access your Personal Information under our control, or have it deleted, is not absolute. Phoenix reserves all rights to not disclose or delete Personal Information in certain circumstances. For example, we may not disclose or delete Personal Information where: the disclosure or deletion could reasonably be expected to threaten the safety or physical or mental health of an individual other than the individual who made the request; the disclosure or deletion would reveal Personal Information about another individual; the disclosure or deletion of the information would reveal confidential commercial information; the Personal Information was collected by us for an investigation or legal proceeding; or as otherwise required by law.

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## PRIVACY POLICY

Global

Date: 11-04-2020

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### d) Types and Uses of Information

If you are authorized to handle Personal Information of other Persons on Phoenix's behalf, then you may only collect, use and disclose such Personal Information: (i) as reasonably required for Phoenix's business, personnel and legal purposes; and (ii) only if it is part of your specific job responsibilities to collect, use and disclose Personal Information on behalf of Phoenix for those purposes. This may include, without limitation, in connection with:

- assigning job responsibilities,
- ensuring the safety and security of others and corporate assets, including Phoenix held information,
- determining eligibility for initial employment of a potential Employee, including the verification of references and qualifications,
- administering pay and benefits,
- conducting performance evaluations,
- facilitating professional development,
- complying with applicable employment, contract or legal requirements,
- managing contractual obligations with external parties, consistent with Phoenix's business objectives,
- coordinating travel arrangements,
- using identifiable images and Personal Information in connection with internal or external marketing and communications,
- communicating with other Persons, and
- other reasonable purposes as required to fulfill Phoenix's business objectives or manage the relationship between the applicable Person and Phoenix.

### e) Data Retention and Disposition

Phoenix will make reasonable and practical efforts to: ensure that any Personal Information collected is accurate and complete; ensure that Personal Information is secure; and, keep such information only as long as reasonable for business or legal reasons and for the purposes for which it was collected. Upon expiry of an appropriate retention period, Personal Information will either be destroyed in a secure manner or made anonymous.

### f) Compliance

If you violate this Policy, you may face disciplinary action, including but not limited to termination.

Independent contractors, consultants and service providers representing Phoenix must develop, implement and enforce policies and practices consistent with this Policy. An acknowledgement confirming

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## PRIVACY POLICY

Global

**Date:** 11-04-2020

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adherence to Phoenix requirements must be submitted by such representatives as verification on an annual basis.

If an incident occurs involving the loss of, or unauthorized access to or disclosure of Personal Information under Phoenix's control, Phoenix will, without unreasonable delay, provide notice to the applicable Information and Privacy Commissioner(s) and the affected individuals, where a reasonable person would consider that there exists a real risk of significant harm to an individual as a result of the loss or unauthorized access or disclosure.

### **g) Phoenix Privacy Officer**

If you have questions regarding personal data protection, the privacy of your Personal Information or the implementation of this Policy, please contact the Privacy Officer at:

Attention: Doug Webb  
Address: PHX Energy Services Corp.  
#1400, 250 – 2<sup>nd</sup> Street SW  
Calgary, Alberta Canada T2P 0C1

Direct: (403) 930-9029  
Cell: (403) 589-9001  
Email: [dwebb@phxtech.com](mailto:dwebb@phxtech.com)

## **3.0 ACKNOWLEDGMENT**

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Signature

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Print Name

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Date

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# WHISTLE BLOWING PROCEDURE POLICY

Global

Date: 11-04-2020

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Procedures for receipt, retention and treatment of complaints relative to PHX Energy Services Corp.'s ("Phoenix" or the "Corporation") accounting, internal accounting controls, or auditing matters:

## 1. PURPOSE

It is the responsibility of the Audit Committee (the "**Audit Committee**") of the Board of Directors of the Corporation ("**Board**") to ensure that Phoenix has established appropriate procedures for:

- a) the receipt, retention and treatment of complaints received by Phoenix regarding accounting, internal accounting controls or auditing matters; and
- b) the confidential, anonymous submission by employees of Phoenix of concerns regarding questionable accounting or auditing matters.

As a matter of sound corporate governance, these procedures are designed to provide a readily understood, prompt and effective means of addressing such complaints or concerns.

## 2. DEFINITIONS

"**Anonymous**" means unknown authorship, and without designation that might lead to information about the authorship. Anonymity is not compromised by assignment of a code or other designation with which a person can communicate without revealing their identity.

"**Complaint**" means any adverse information provided to Phoenix, whether in the form of a concern, a demand for remedial action, or a report of a suspected violation of law or Phoenix's policy, that relates to Phoenix's accounting, internal accounting controls, or auditing matters.

"**Confidential**" means authorized for access by only those persons who have a need to know. A need to know normally arises from an obligation to investigate or to take remedial or disciplinary action.

"**Whistle Blower Hotline**" means a telephone number or e-mail address for the Chair of the Audit Committee and the Lead Director made available for receiving Anonymous Complaints from any source. The Whistle Blower Hotline access numbers or e-mail addresses shall be posted on Phoenix's website(s).

## 3. PROCEDURES

### a) Submission and Receipt of Complaints

- i. Notwithstanding the availability of the Anonymous Complaint procedures (using the Whistle Blower Hotline), employees are free to bring Complaints to their supervisor or to the Chief Executive Officer or President. Any Complaints so received shall be handled as Confidential and promptly forwarded to the Audit Committee Chair and Lead Director.
- ii. Both employees and non-employees may submit Anonymous Complaints to the Whistle Blower Hotline.

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# WHISTLE BLOWING PROCEDURE POLICY

Global

Date: 11-04-2020

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- iii. Non-employees may also submit Complaints by mail (or other means of delivery) to the head office of Phoenix marked "Private and Confidential – Attention: Chair of the Audit Committee and Lead Director". Envelopes so marked shall be forwarded unopened to and Lead Director.
- iv. The Chair of the Audit Committee and Lead Director shall report to the Audit Committee periodically about the process for receiving Complaints so that the Audit Committee can ensure that the process is satisfactory in its efficiency, accuracy, timeliness, protection of confidentiality or anonymity, and effectiveness.

## b) Retention of Records of Complaints

Records pertaining to a Complaint are the property of Phoenix and shall be retained:

- i. In compliance with applicable laws and Phoenix's document retention policies;
- ii. Subject to safeguards that ensure their confidentiality and, when applicable, the anonymity of the complainant; and
- iii. In such a manner as to maximize their usefulness to Phoenix's overall compliance or governance programs.

## c) Treatment of Complaints

- i. All Complaints, whether or not received anonymously, shall be treated as Confidential.
- ii. Although a person making an Anonymous Complaint may be advised that maintaining anonymity could hinder an investigation, the anonymity of the complainant shall be maintained, if permitted by law, until they indicate that they no longer wish to remain Anonymous.
- iii. Complaints received by the Whistle Blower Hotline shall be initially analyzed or screened by the Chair of the Audit Committee or Lead Director to identify matters that clearly do not fall within the intent of this policy (i.e. Complaints that are not related to accounting, internal accounting controls or auditing). Such matters may be directed to the appropriate department at Phoenix for handling. A summary report of items handled in this manner shall be provided quarterly to the Audit Committee Chair and Lead Director. Any Complaints that fall within the intent of this policy shall be promptly reported by the independent service provider, after making appropriate safeguards to assure anonymity, to the Audit Committee Chair and Lead Director.
- iv. The Chair of the Audit Committee and Lead Director shall inform the Committee, in summary form or otherwise, of all Complaints received, together with an initial assessment as to the treatment of each Complaint.
- v. The assessment, investigation and evaluation of Complaints shall be conducted by, or at the direction of, the Audit Committee. As deemed appropriate by the Audit Committee, and at Phoenix's expense, the Audit Committee may engage independent advisors including legal counsel or auditors other than Phoenix's external auditor for the purpose of investigating or remediating any Complaint.

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# WHISTLE BLOWING PROCEDURE POLICY

Global

Date: 11-04-2020

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- vi. Following investigation and evaluation of a Complaint, the Audit Committee shall determine any recommended disciplinary or remedial action. Recommendations of the Committee shall be brought to the Board or to the appropriate members of Senior Management for authorization and/or implementation. If the action taken to resolve a Complaint is deemed by the Audit Committee to be material or otherwise appropriate for inclusion in the minutes of the Committee, it shall be so noted in the minutes.
- vii. The Audit Committee will regard the making of any deliberately false or malicious allegations by an employee as a serious offence which may result in recommendations to the Board or to Senior Management for disciplinary action up to and including dismissal for cause.
- viii. Treatment of Complaints shall include taking reasonable and necessary steps to prevent further similar violations.

Any effort to retaliate against any person making a Complaint in good faith or any person who participates in an investigation, hearing, court proceeding or other administrative inquiry in connection with a Complaint, is strictly prohibited and shall be reported immediately to the Audit Committee Chair and Lead Director. Any allegations regarding such retaliation will be investigated and dealt with in accordance with this policy.

## ACKNOWLEDGEMENT

I ACKNOWLEDGE that I have read and considered the Whistle Blowing Procedures Policy of PHX Energy Services Corp. and agree to conduct myself in accordance with the Policy

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Signature

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Print

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Date

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# POLICY: WORKPLACE VIOLENCE AND HARASSMENT POLICY

Department: Corporate

Date: October 22, 2020

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## 1.0 INTRODUCTION

Workplace violence and harassment is recognized as a hazard under occupational health and safety legislation and is taken very seriously at Phoenix Technology Services ("**Phoenix**"). Phoenix has zero tolerance when it comes to violence and harassment in the workplace. Every worker is entitled to a violence and harassment free workplace.

Phoenix believes in the prevention of violence and harassment and promotes a work environment in which all people respect one another and work together to achieve common goals. Any act of violence or harassment committed by or against any member of the Phoenix staff will not be tolerated. This policy applies to all activities that occur while on the Phoenix premises or while engaging in Phoenix business, activities or social events. The company rules and beliefs regarding workplace violence and harassment are communicated with employees during their training at time of hire. This policy will be posted at Phoenix worksites and on internal websites so that it is readily available to all workers.

## 2.0 POLICY

### 2.1. Purpose

No Phoenix employee or any other individual affiliated with Phoenix shall subject any other person to workplace violence or harassment, or allow or create conditions that support workplace violence or harassment. The purpose of this policy is to ensure that:

- Individuals are aware of and understand that acts of workplace violence and harassment are considered a serious offence for which necessary action will be imposed.
- Those subjected to acts of workplace violence or harassment are encouraged to access any assistance they may require in order to pursue a complaint.
- Individuals are advised of available recourse if they are subjected to, or become aware of, situations involving workplace violence or harassment.

Phoenix, and its managers and supervisors, will take all complaints of harassment and violence seriously. Further, all employees, including managers and supervisors employed by Phoenix, shall refrain from causing or participating in workplace violence and harassment, and co-operate with any person investigating a complaint of violence or harassment.

### 2.2. Commitment

Phoenix is committed to:

- Eliminating, or, if that is not reasonably practicable, controlling and minimizing the hazards of violence and harassment.
- Investigating all incidents of workplace violence and harassment in an objective and timely manner.
- Taking necessary corrective action to respond and address any incidents of violence or harassment.
- Providing support for Complainants.

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# POLICY: WORKPLACE VIOLENCE AND HARASSMENT POLICY

Department: Corporate

Date: October 22, 2020

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## 2.3. Definitions

**Harassment** is any single incident or repeated incidents of objectionable or unwelcome conduct, comment, bullying or action by a person that the person knows or ought reasonably to know will or would cause offence or humiliation to a worker, or adversely affect the worker's health and safety. This includes:

- Conduct, comments, bullying or actions because of race, religious beliefs, color, physical disability, mental disability, age, ancestry, place of origin, marital status, source of income, family status, gender, gender identity, gender expression and sexual orientation; and
- A sexual solicitation or advance.

This definition excludes any reasonable conduct of an employer or supervisor related to the normal management of workers or a work site.

**Violence**, whether at a work site or work related, means the threatened, attempted or actual conduct of a person that causes or is likely to cause physical or psychological injury or harm, and includes domestic or sexual violence. When an employer is aware that a worker is or is likely to be exposed to domestic violence at a work site, the employer must take reasonable precautions to protect the worker and any other persons at the work site likely to be affected.

## 2.4. What is Not Harassment?

Reasonable actions by managers and supervisors to help manage, guide, or direct workers or the workplace are not harassment. These actions include, for example: decisions involving work assignments, job assessment evaluation, workplace inspections, and disciplinary action.

## 2.5. Examples of Workplace Violence and Harassment

Examples of workplace violence include but are not limited to:

- Threatening behavior such as shaking fists, destroying property or throwing objects.
- Verbal or written threats that express an intent to inflict harm.
- Physical attacks.

Examples of workplace harassment include but are not limited to:

- Making unwelcome or suggestive remarks, jokes or innuendos that demean, ridicule, intimidate, or offend.
- Displaying or circulating offensive pictures or materials in print or electronic form.
- Physical or psychological bullying, including offensive or intimidating phone calls or e-mails.
- Workplace sexual harassment.

## 2.6. Reporting

To make a complaint please follow the below steps:

- Prior to filing a formal report of the incident a person subject to workplace violence or harassment, the Complainant, should let their objections to the behaviour be known to the alleged offender, the Respondent, directly or with the assistance of a third party.

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- A Complainant may ask for support from first their Manager. If the Manager is unavailable or conflicted, the Complainant should go to the HR Manager or HSE Manager, and if such persons are unavailable or conflicted, then go to the President, to communicate their objections to the incident and/or prepare and submit a formal complaint if they choose.
- The Complainant should carefully record details of the incident including the date and time of the incident, the nature of violence or harassment, and names of people who may have witnessed the incident. This document is the Complainant's personal record and property.
- The Complainant may choose to file a formal complaint that documents their concerns to either the Payroll/HR Manager or the Global QHSE Manager/Compliance Officer. If those persons are unavailable or conflicted, then the Complainant can file a formal complaint to the President. Confidentiality is important to ensure that incidents are investigated properly and to offer appropriate support to all parties involved. Any individual who becomes aware of an incident of violence or harassment should not disclose the details of the incident to any third party without prior consultations with the Complainant. Gossiping seriously undermines the privacy of all parties involved and will not be tolerated. All persons involved in processing of a complaint will ensure that the Complainant is neither penalized nor subjected to any prejudicial treatment as a result of making the complaint.

Upon receipt of a formal complaint of workplace violence, the Payroll/HR Manager/Global QHSE Manager/Compliance Officer or President, will determine whether an investigation will be pursued, and will:

- Advise the Respondent in writing of the investigation and nature and specifics of the complaint.
- Advise the Complainant of the investigation.
- Assign the investigation to an internal or external person to investigate.

The investigator will:

- Conduct the investigation in accordance with the principles of natural justice.
- Explore all allegations by interviewing the Complainant, the Respondent, and others who may have knowledge of the incident(s) or circumstances that led to the complaint.

The investigator will make findings of facts and come to a conclusion about whether workplace harassment or violence was found or not. The investigator must prepare a written report of the investigation's finding, and forward that report to Payroll/HR.

Payroll/HR, or another person designated by Payroll/HR, will inform the Complainant and Respondent of the outcome of the investigation in separate meetings.

Where it is determined that a worker has violated this policy, Phoenix will take appropriate corrective action in the circumstances, taking into account the following factors:

- The impact of the incident on the Complainant.
- The nature of the incident.
- The degree of aggressiveness and physical contact.
- The period of time and frequency of the incidents.

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- The vulnerability of the Complainant.

The following corrective actions may be considered depending on the particular incident and the factors in the previous paragraph:

- Apology
- Training
- Referral to an assistance program
- Suspension
- Discharge
- Legal action

All documents surrounding the investigation will be kept on file with Payroll/HR for a period of 2 years. These documents may be reviewed by government authorities upon request.

A person, who submits a complaint in good faith, even where the complaint is not substantiated, will not be in violation of this policy. If an investigation results in a finding that the Complainant submitted a complaint of workplace violence or harassment in bad faith, the Complainant may be subject to appropriate disciplinary action, including the possibility of termination. Such action is considered a violation of the policy, and the investigation results and any sanctions will be recorded in Phoenix's personnel records relating to the Complainant.

Any worker that has experiences violence or harassment is advised to consult a health professional. Any assistance with health professionals or accessing company health benefits can be provided by the HR department.

### **2.7. Confidentiality**

Phoenix will not disclose the circumstances related to an incident of violence or harassment or the name(s) of the Complainant, the person(s) alleged to have committed the violence or harassment, and any witness(es), except:

- where necessary to investigate the incident or to take corrective action;
- where necessary to inform the parties involved in the incident of the results of the investigation and any corrective action to be taken to address the incident;
- as required by law; or
- with respect to incidents of violence only, where necessary to inform workers of a specific or general threat of violence or potential violence.

Phoenix will disclose only the minimum amount of personal information that is required to inform workers of a specific or general threat of violence or potential violence.

### **2.8. Other Complaints**

This policy is not intended to discourage or prevent a worker from exercising the worker's rights, remedies or action pursuant to any other law, including human rights legislation. Workers shall always retain the right to exercise any other legal avenues available.

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### **2.9. Retaliation**

No workers can be penalized, retaliated against, reprimanded or in any way criticized when acting in good faith while following this Policy. Phoenix will not take any discriminatory action against a worker for seeking enforcement of occupational health and safety legislation.

Phoenix believes that every employee deserves to work in a safe and respectful environment. We will always remain committed to protecting our employees from violence and harassment.