



2022 ESG Report



PHX
ENERGY SERVICES CORP.

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A Letter From Our Executives

We are proud to present PHX Energy's 2022 ESG & Sustainability Report. In 2022, we achieved strong operational and financial results and did so while maintaining and strengthening our ESG performance. Our team worked diligently during the year on our longer term ESG goals while continuing to focus on broadening our knowledge and expanding the conversations we have with our stakeholders pertaining to ESG and Sustainability.

Our 2022 Report offers transparent discussions of the material topics we have identified, the targets we have achieved and the goals we continue to pursue to make meaningful change. We also as our part of our a culture of continuous improvement identify areas where we could do better and have more work to do.

During the year we focused on aligning our ESG program and reporting with SASB and TCFD, including mapping our Scope 1 and 2 greenhouse gas ("GHG") emissions, and we are proud to say our ESG and Sustainability Report is aligned with and contains all required disclosure set forth by SASB and TCFD. This progress demonstrates our continued commitment to being a good corporate citizen and steward of the environment.

We are proud of what we have achieved to date and continue to demonstrate that we are a leader among our peers.



Craig Brown
Sr VP Engineering & Technology

Mike Buker
President

John Hooks
CEO

Cameron Ritchie
CFO & Sr VP Finance

Jeff Shafer
Sr. VP Sales & Marketing

2022 Performance



2022 Operations Snapshot



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Years in Business



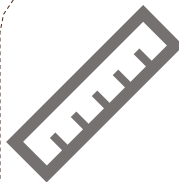
\$635 MILLION

Contributed to
Local Economies



2,083

Wells Drilled



40 MILLION

Feet Drilled



100+

Clients



843

Employees



2.1 MILLION

Hours Worked



365

LTI Free Days

2022 ESG Targets

In our 2021 ESG & Sustainability Report we set various targets, some of which were annual targets and others were longer term. We are proud of our accomplishments in 2022, having achieved all annual targets and laid foundations for the achievement of our evolving targets. The initiatives that allowed these successes are summarized in the highlights below and discussed throughout this Report. We strongly believe our ESG program is an ongoing journey and we will continue to evolve our organization with the progressing landscape, both based on the regulatory environment and stakeholders views.

Achieved


- *Maintain 0 reportable spills*
- *Maintain a TRIF of below 0.75*
- *Reduce annual turnover rate by 5%*
- *Implement Diversity, Equity and Inclusion (DEI) training for Managers/Supervisors*
- *Continue to support and provide opportunities to give back to local communities*
- *Continue to have 100% of staff affirm their compliance with Code of Conduct and Anti-Corruption and Bribery*
- *Maintain 100% participation by employees in our Cyber Security training*

Evolving

- *Women represent 30% of all leadership roles by 2030*
- *Decrease our energy consumption per operating day by 10% by 2030*
- *Decrease our water consumption per operating day by 10% by 2030*

Highlights

Highlights related to the actions we took in 2022 which contributed to the achievement of our targets, include:

- We established an environmental committee, comprised of employees in both Canada and the US, who meet monthly to discuss environmental goals, strategies and tactics.
 - With the assistance of an external consultant, we undertook the process of mapping our companywide greenhouse gas emissions, establishing our baseline for further implementing GHG reduction strategies.
 - We installed water meters within our motor and machine shops in both Canada and the US to allow us to monitor usage and measure the effectiveness of our water reduction strategies.
 - We continue to expand our remote drilling operations, with 90% of our wells in Canada leveraging this capability reducing the travel requirements and therefore emissions related to these operations.
 - The scope of our recycling program has also expanded to encompass a greater number of areas in both our shop and office operations.
 - We distributed our second employee engagement survey to engage our employees and allow another avenue for feedback on our company culture.
 - We distributed our annual safety survey to gauge our safety programs and allow employees to have a confidential avenue to voice any safety concerns.
 - We provided our supervisors and managers with DEI training, with a focus on unconscious bias to promote awareness within our hiring and evaluation processes; highlighting the advantages diversity creates within our organization.
 - We launched our new employee assessment and development process to enhance the feedback and communications related to career and skill development, with the goal of fostering long term careers within PHX Energy.
- 
- We held our annual companywide food drive in December in which our employees donated on 13,542 lbs. of food and raised over \$23,000 in donations. We had participation from all departments from our field personnel to our executive team.
 - We built upon the responsibilities in our Nomination and Corporate Governance (“NCG”) Committee and Board of Directors Mandates to provide more in depth and clearly defined oversight related to ESG matters, including climate change.
 - ESG has become a more prominent consideration during the qualification and evaluation of our vendor list. Audit standards for our critical Tier 1 vendors have included ESG criteria to ensure sustainability and alignment of corporate values.
 - For the second consecutive year we achieved silver status on our EcoVadis Assessment improving our ranking from the 80th percentile to the 88th.
 - Our largest client in the US, presented us with an ESG Stewardship Award of Recognition for our exceptional score in EcoVadis and our overall partnership.

2022 ESG Rating

EcoVadis Sustainability Assessment

In 2022, we completed our second EcoVadis Sustainability Assessment. We are proud to say we once again achieved a silver rating and our ranking increased to the 88th percentile (2021 - 80th percentile) as a result of the initiatives we have implemented.

This assessment allows us to gauge our performance relative to our peers, our stakeholders' expectations and various standards and frameworks. We continue to use the EcoVadis assessment to identify and implement initiatives and areas of improvement.

EcoVadis Methodology

EcoVadis methodology is aligned with international standards and is also customized by industry, size and country. It is a comprehensive assessment that evaluates performance across 21 indicators in 4 themes (Environment, Labor & Human Rights, Ethics and Sustainable Procurement) and has a global network of over 100,000 rated companies.



ESG Stewardship Award

In 2022, our client Pioneer Natural Resources, presented awards to recognize their suppliers that stood out above the rest in four different categories. PHX Energy was recognized in the ESG Stewardship category for our corporate commitment to ESG, our exceptional score in EcoVadis and our overall partnership with Pioneer

ESG Committee

In 2022, our ESG Committee continued to support the development and implementation of our ESG initiatives. The primary function of the Committee is to assess our engagement with stakeholders, evaluate current performance, targets and initiatives, and make recommendations to the executive management team, which includes identifying ESG risks and opportunities and recommending adoption of appropriate ESG standards. The Committee also works to ensure that all required departments and subject matter experts in our organization are engaged in our ESG initiatives, which builds a culture of ESG within the organization and ensures that ESG principles are integrated into processes throughout the company. The ESG Committee provides regular reports to the Board of Directors ("Board"), which includes a summary of the Corporation's ESG strategy, updates on ESG performance, compliance with ESG standards and regulations and presenting ESG disclosure for approval.



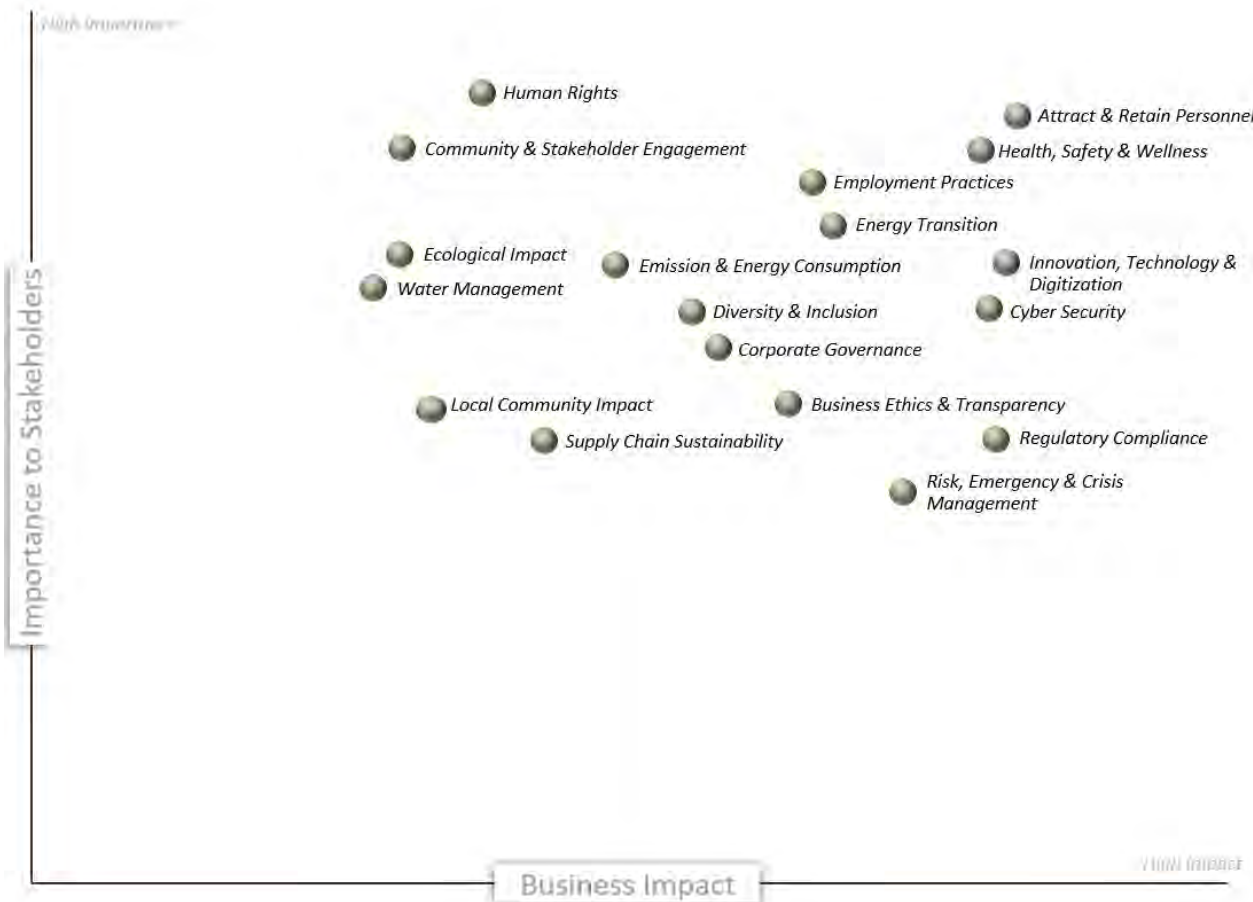
*Jeanine Youde Arora
Communications
Manager*

*Mike Buker
President*

*Kelsey Kieboom
Communications
Specialist*

*Doug Webb
QHSE Manager &
Compliance Officer*

Materiality Assessment



In 2021, we performed an internal materiality assessment in which we considered the importance of issues to our stakeholders and their business impact. We continually evaluate this assessment, including as part of preparing this Report, to ensure the material ESG topics prioritized remained relevant and still reflected topics that can significantly impact our business operations and that our key stakeholders value. Additionally, we cross-referenced issues identified by SASB, TCFD and industry peers. We also considered global events such as the COVID-19 pandemic, the war in Ukraine, energy security and scarcity, social movements related to diversity and equality, political and social attention given to climate change and increasing risk of cyber-attacks. We have used this assessment to determine areas of strategic focus and commitment and will continue to regularly review our material ESG topics to ensure they encompass stakeholders' interests and the evolving business environment.

Note the assessment of ESG materiality differs from that related to our financial disclosure and for requirements under securities laws.

About PHX Energy

Established in 1995, today we are the largest independent supplier of directional drilling services in the North American oil and gas land market and strategic international locations. Additionally, we are actively pursuing opportunities in renewable energy sectors that require drilling services. Our position as a leader in our sector has resulted from the development of a proprietary fleet of premium down hole equipment, technical expertise and exceptional customer service.

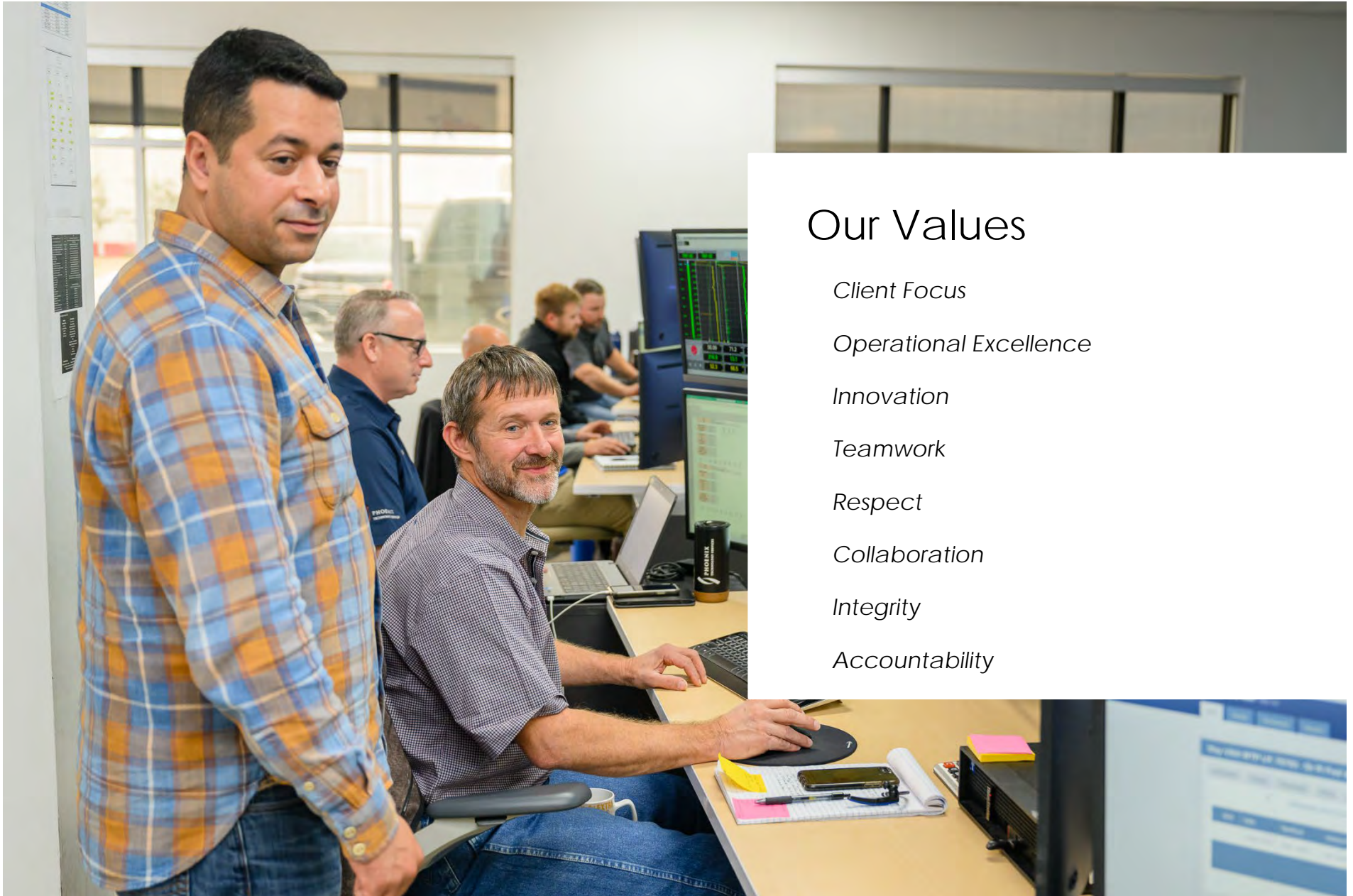
To sustain our competitive advantages, we are vertically integrated to control the full value chain of our products and services. We design, develop, engineer, manufacture, service and repair our own fleet of equipment and implement strict QA/QC protocols and continuous improvement initiatives. This approach allows us to monitor all aspects of our operations to assess if they are being executed in a sustainable manner and identify areas we can address.



About This Report

We are committed to transparent communications related to our approach towards the environment and engaging our people and our stakeholder and demonstrate this commitment through our ESG reporting. Unless otherwise noted, this ESG and Sustainability Report (the “ESG Report” or the “Report”) covers our performance for the year ended December 31, 2022, however some discussions around initiatives, operating and business activities, technology and performance targets may be applicable to 2023 and beyond. Additionally, where available historical data from the prior two years has been included for comparative purposes. Our Report addresses the environmental, social, and governance (“ESG”) issues that we view as material to our business as identified in our ESG materiality assessment and additional topics that we identified as high importance to our stakeholders. This Report has been reviewed and approved by our Board of Directors and senior management. The Report was prepared by our ESG Committee with the input and review from our internal subject matter experts. This Report, our ESG program, ESG targets, and performance data align with the oil and gas services disclosure standard published by the Sustainability Accounting Standards Board (“SASB”) and the Task Force on Climate-Related Financial Disclosure (“TCFD”). Additional topics are also discussed in this Report based on feedback received, and we continue to encourage additional inquiries around ESG and our business by our stakeholders. Third party assurance was not conducted for this Report; we believe this Report is an accurate representation of our performance and have used internal verification to validate the data and information presented.

Additional informational related to our business and performance can be obtain in our other continuous disclosure documents filed on SEDAR at www.sedar.com, including our Management’s Discussion and Analysis, Financial Statements and Notes, Information Circular and Annual Information Form (“AIF”). The terms “PHX Energy”, “PHX”, the “Corporation”, “our”, “we”, “us” refer to PHX Energy Services Corp. and its subsidiaries.



Our Values

Client Focus

Operational Excellence

Innovation

Teamwork

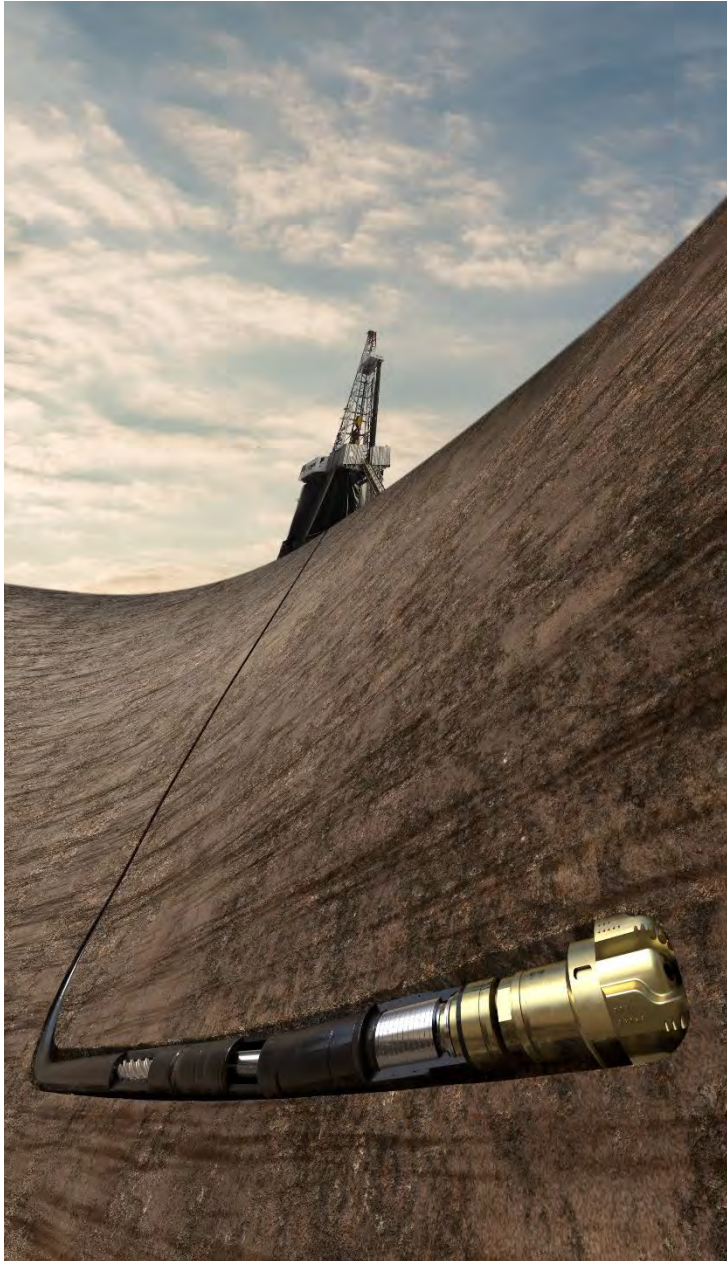
Respect

Collaboration

Integrity

Accountability

The Process Of Directional Drilling & Its Advantages



We are one of several key contractors in a drilling operation and provide services for small to super major exploration and production producers. Additionally, our services are applicable in the production of many resources, including oil, gas, hydrogen, potash, and geothermal energy, and we are active in most of these areas today.

As part of the energy sector we believe we have a responsibility to contribute to the clean, safe and ethical production of our resources, to be a good corporate citizen, and to support the communities in which we operate. To understand this commitment and how we put it into action, it is important to understand the nature of our business and where we fit in the energy industry.

Directional Drilling Process

Directional drilling is the process of steering the well path during the drilling operation towards an intended target and doing so in a manner that increases the overall efficiency and speed of the operation. As a directional drilling provider, we calculate how to drill a well to an intended target and execute this plan. We supply advanced equipment and highly skilled personnel at the well site as well as technical expertise and support.

Directional Drilling Technologies

Essential to the directional drilling process are specialized tools that measure, direct and alter the orientation of the drill bit. This includes the **downhole performance drilling motor** and the **Measurement While Drilling (MWD) system**. For certain drilling applications, **Rotary Steerable Systems (RSS)** are also deployed to enhance trajectory control.

During the drilling process, the MWD system and motor are placed downhole in what is called the bottom hole assembly. The MWD system has the ability to transmit data to the surface and this data provides vital information for steering the well. It also provides information as to the downhole conditions and reservoir information. Our personnel utilize this data to steer the drill bit so that the well is drilled along the intended path and to the intended target. They also use this data to enhance drilling performance.

The drilling motor typically has a slight bend and our personnel orient this bend to direct the well. The RSS system, if deployed, can also orient the well. Additionally, the drilling motor and RSS provide power to the drilling process and greatly contribute to how fast the well can be drilled.



Directional Drilling Advantages

There are many advantages that are created by directional drilling versus drilling a well strictly vertical and as a result nearly all wells drilled in North America use directional drilling. The advantages that have led to directional and horizontal wells being the norm are:

- Reduced environmental impact with fewer wells being drilled and fewer rig locations needed.
- Greater productivity as a horizontal well is drilled through the formation, rather than into one point of the formation.
- Stricter legal spacing requirements.
- Better economics of drilling multiple wells from one surface location (pad drilling).
- Requirement for better reservoir engineering modeling.

Industry Activity Represented by Horizontal & Directional Drilling

	2010	2022
Canada	66%	97%
US	59%	97%

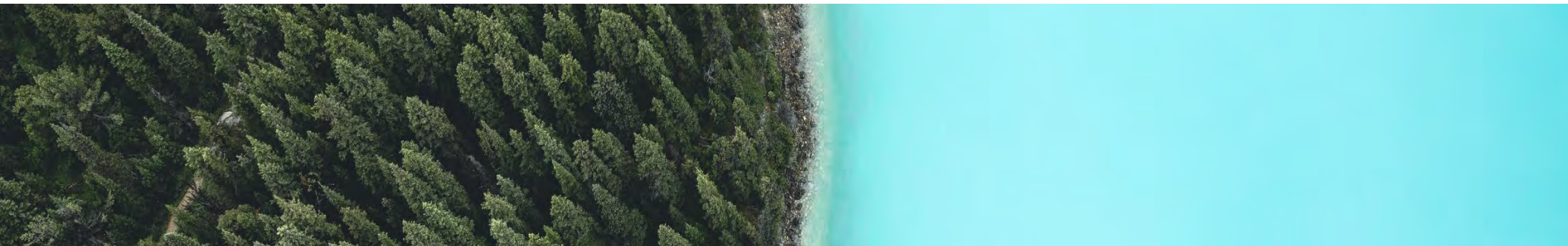


E-Environment

Our environment provides us many finite resources that we must preserve and protect to ensure a resilient and sustainable future. As a service provider to the energy industry, we can aid in this global effort by helping our clients provide responsible and reliable energy with as little environmental impact as possible. We do this by:

- providing technologies that increase drilling efficiencies,
- enable new approaches to drilling operations, such as remote operations and automation,
- participating in the emergence of a renewable sector and,
- reducing our own environmental impact.

We strive to meet and exceed environmental standards and are continually improving our environmental performance. Additionally, we work to partner and assist our clients and supply chain in doing the same. In 2022, we dedicated efforts to identify sources of our GHG emissions and measuring our emission to be in-line with regulatory standards. This allows us to make informed decisions on how to reduce our impact and set meaningful and attainable targets. We also identified and established procedures to reliably track other environmental metrics. These baselines and data collection processes are vital as we strive to reduce our impact and continue to be a key player in the industry's overall ability to reduce emissions and conserve resources during drilling operations.



Environmental Risks & Opportunities

The directional drilling industry, by nature, has a smaller direct environmental and carbon impact relative to other services provided in the energy sector and relative to our clients operations' in energy exploration and production. We do not directly impact the land and water use at the rig site. Rather the primary sources of our environmental impact are the activities at our operations facilities and transporting equipment and personnel. We have low energy intensity, do not handle large volume of fluids or chemicals, have water reclamation systems at our facilities and our downhole equipment does not utilize fossil fuels as a power source.

We believe that every organization, regardless of the scope of their environmental footprint, has the responsibility to assess environmental impact and risk in its value chain on a continual basis for proactive stewardship to occur. We have to preserve our environment by not only reducing emissions and GHG, but by also using all resources responsibly, reusing resources whenever possible, reducing our waste and changing the way we do things to be more sustainable. We assess our environmental risks and opportunities firstly on a macro level and then use this to drive initiatives within our business strategy and operations.



Climate Related Risks

TRANSITIONAL RISKS:

- Adoption of legislation or regulatory programs to reduce GHG emissions could have an operational and/or financial impact.
- The societal pressure, including customer and investor, to transition from the use of hydrocarbon energy towards a lower carbon economy to reduce emissions could change the demand for the Corporation's services.

PHYSICAL RISKS:

- More extreme variability in weather patterns, such as hurricanes and flooding, that may be linked to climate change are disruptive to drilling operations and could have a material impact on our ability to deliver services.

CLIMATE RELATED OPPORTUNITIES:

- Many of the emerging renewable energy sources require drilling services to extract and produce the energy.
- Our clients are actively pursuing more efficient drilling processes that reduce time required at the rig site.
- We are developing technologies that continue to advance ability to drill remotely, by providing more sophisticated downhole measurements and transmit this data in timely and reliable manner.



Our Environmental Impact

Through our environmental assessment we identified the primary contributors to our environmental footprint and the areas where we can directly implement positive initiatives. Below are the primary impact areas related to our operations and the targets we have set to address our impact in these areas.

Topic	Target
Fuel Consumption, Green House Gas Emissions and Air Quality	<i>Decrease our energy consumption per operating day by 10% by 2030</i> Ten-Year Target - Baseline Year 2020
Water Usage	<i>Decrease our water consumption per operating day by 10% by 2030</i> Ten-Year Target - Baseline Year 2020
Waste Management	<i>Reduce the amount of waste produced through recycling efforts at each of our facilities.</i> Ongoing Target
Spill Prevention & Chemical Management	<i>Maintain 0 reportable spills</i> Annual Target

As a service provider at a well site, our services and technologies combined with the efforts of others have allowed significant changes to drilling operations that have reduced the environmental impact and we will continue to advance our technologies and services with this objective in mind. The areas we identified through our environmental assessments where we can make a meaningful contribution to our clients and vendors sustainability efforts include:

Topic	Target
Biodiversity and Land Use	<i>Pad drilling which is enabled by directional drilling allows the multiple wells to be drilled from one rig location reducing the physical footprint on the land and amount of land disturbed by the operations.</i>
Drilling efficiencies reduce energy consumption	<i>With the development of premium downhole technologies such as ours, modern day drilling rigs and other advancements, it now takes less days to drill wells.</i> <i>Remote drilling operations and automation have the potential to eliminate a large portion of travel related to personnel. These industry initiatives require our MWD technologies that provide data from underground to the surface and the transmission of this data from the rig site to a central location. Additionally, our motors and RSS systems provide the horsepower to the drilling process underground.</i>

Managing Environmental Risk

Control plans are established for any significant environmental impacts for the organization and measurable targets are identified to reduce waste and pollution. Our operations comply with all regulations and recommended practices for managing environmental risks, including those regarding spill prevention and spill response. These plans and other related documents are reviewed on a regular basis as part of our annual management review meeting. If an unplanned event occurs, procedures are evaluated for effectiveness as part of the corrective and preventive action process.

Through a robust risk management program, we have inventoried our activities, determined the risk associated with those activities, ranked the probability and consequences, and established resulting controls. This risk assessment exercise, in conjunction with our environmental aspects and impacts register, creates the foundation for determining corrective and preventive actions and measurable targets for improvement.

We are proud to state that we have not had any significant environmental reportable incidents in any of the jurisdictions we operate.



Climate Change & Air Quality

Climate change is one of the most challenging and complex issues facing our world today. The risk of climate change combined with recent global uncertainties and events has caused many countries to focus more greatly on where their energy comes from. This has intensified the importance of the energy transition including factors such as access to energy, energy security, affordability and environmental impact. That said, hydrocarbons will remain the primary energy source for the near to mid-term as energy transition is a lengthy and complex process. As an industry we are making great strides to lower our impact when producing the energy that supports the economy and is used in our everyday lives.

GHG Emissions & Reductions

In 2022 we engaged an environmental consulting company to aid us in identifying and tracking our Scope 1 and Scope 2 emissions for the past 3 years. This process has allowed us to quantify our impact and will be the baseline for achieving our targets to decrease our emissions and measure our progress along our sustainability journey. These efforts have resulted in a repeatable and reliable methodology for tracking emissions generated by our facilities and fleet vehicles.

Our operations are uniform across our organization and our emissions sources do not differ by geography. The primary source of our emissions is transporting our equipment and personnel to and from the rig site and between our operating centers in Canada and the US. Other than emission from transportation, the activities we perform at the rig site and at our operations center do not directly produce Scope 1 GHG. Our downhole technologies use alternative energy sources and at our facilities energy consumption is primarily related to electricity and heating.

Scope 1 Emissions



Definition

Direct GHG emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).



PHX Energy Sources

Vehicle used to transport equipment between our operating facilities, vendors and well sites. Transportation of personnel to and from well sites. Limited general business travel, i.e. related to sales and marketing activities.



2022 Emissions

3,668 mtCO²e
Per Operating Day: 0.129 mtCO²e

Scope 2 Emissions



Definition

Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use



PHX Energy Sources

*Utilities at our facilities
2 Flagship Operations Facilities; 1 Corporate Head Office; 4 Satellite offices/staging facilities*



2022 Emissions

2,707 mtCO²e
Per Operating Day: 0.95 mtCO²e

Reducing our Emissions: Fleet Management & Logistics



Optimizing our fleet of vehicles and logistical procedures is a primary way we can reduce emissions. We have implemented logistic procedures to ensure that the movement of personnel and equipment is coordinated to minimize unnecessary travel. We have a logistics team dedicated to the movement of our equipment, and this team works diligently to maximize the efficiency of our transportation activities. The drilling of a well is a complex process and sometimes unexpected events occur that require quick deployment of equipment and personnel, which can decrease the efficiency of our transportation efforts. Our team also assess the age of our vehicle fleet and in the long term would consider more fuel-efficient vehicles when replacing aged assets.

Our Facilities:

Emissions, Water Usage & Waste Management

We have corporate offices and operations centers throughout our operating regions, with the majority of our facilities being in North America. In 2013 and 2014 we built flagship operations centers in Calgary and Houston and these have become the central hubs for our North American operations, with a corporate head office located in Calgary, and smaller job staging facilities in strategic locations. These major operations centers house the manufacturing and servicing departments to support our technologies. By having two central hubs we are able to effectively manage the resources used in our servicing and manufacturing process rather than duplicating the footprint and use of resources required in smaller hubs. We also have a full-time facility team who are responsible for monitoring and maintaining these facilities which also helps ensure energy efficiency and responsible utility use.

We are striving to reduce our footprint, decrease the waste we generate, minimize the use of non-renewable resources, and recycle and reuse whenever possible. We have processes at our facilities that require water and energy use beyond standard office use and have taken initiatives to conserve our consumption of these resources and are actively looking for more opportunities.



Emissions

Our Scope 2 emissions result from utilities usage at our facilities, both electricity usage and heating and cooling. Our servicing and manufacturing process require the use of various machinery that require power sources beyond typical office use.

- Replacing lighting in our facilities with more energy efficient options
- Maintain equipment used in our facility to ensure they are operating at maximum efficiency
- Utilize automatic shut off lights to ensure energy is only consumed when it is required

Water Usage

We recognize that water is a finite resource and one we all need to work to conserve. We have begun to monitor our consumption with the goal of identifying areas where we can utilize the resource more efficiently and reuse and recycle where possible. In our operations we use fresh water for:

- domestic purposes
- washing equipment
- testing equipment
- servicing our tools

We do not directly use water in our well site operations, produce or provide hydraulic fracturing fluid, drilling fluids, dust control, cement, produced water or flow back. Although the water usage at the well site falls to our customers discretion and does not impact our services or technology, we do support our clients in sustainable water use.

At our facilities, we have taken the following steps to ensure responsible water usage

- Installed state of the art “Water Maze” Water Treatment Systems in our Calgary and Houston facilities for reclamation of wastewater and capturing rainwater.
- Water saving fixtures that reduce consumption are installed at our facilities.



Waste Management

Our facility and HSE teams work in collaboration with our Environmental Committee to assess all sources of waste generated through our operating and office activities. These groups ensure our waste is handled according to all regulatory requirements and identify opportunities for recycling, repurposing or more eco-friendly alternatives.

Initiatives we have taken to reduce our waste included:

- Minimize our waste generation through recycling programs at our office and operations facilities
- In 2022, added capabilities to recycle aerosol cans which are used in servicing procedures
- Recycle scrap metal that is generated by our manufacturing processes
- Utilize environmentally responsible suppliers to properly dispose of waste including depleted lithium batteries
- Sourcing environmentally friendly options for disposable PPE. In 2022, we transitioned to biodegradable gloves as well as gloves made of recycled materials in most areas in our operations centers



Spill Prevention & Chemical Management

As part of our HSE Management System, we have processes and procedures in place to ensure we are protecting both people and the environment from the risk chemicals within our operations. Most of the chemicals used in our operations are at our facilities and are part of the servicing and maintenance of our equipment. We ensure we have all the appropriate equipment and assets for storage, disposal, personal and environmental protection and provide safety and material handling training. We do not produce or sell any chemicals as part of our business.

Spill prevention and response has been outlined in our HSE Management System and has been referenced in our safe work practices, training materials, incident reporting procedures, and communication protocol. Any danger of an emergency or accidental release of substances is handled in accordance with our established procedures and controls. Examples include, but are not limited to, reporting to regulatory authorities, inventory of substances used in our shops and field locations, and operating procedures for prevention, containment, recovery and/or treatment of spills. We have created programs for spill prevention and spill response to ensure effective policies and procedures are in place and people have been suitably trained.



Greener Drilling Operations

We know oil and gas demand is going to grow in the foreseeable future and we are going to be a part of the industry's focus to further enhance the process that will make the drilling process cleaner and greener than it already is. Our premium drilling technologies and development of remote operations are already contributing to the industry's success in this arena. We are committed to continuing to support our clients and industry initiatives. North America produces the most ethical, clean and safe oil and gas globally and this is where the majority of our operations are focused. In the international markets we have entered, we are deploying the same drilling technologies and practices we utilize in North America to ensure we are contributing to improvements in these countries that will enable North American standards.

Faster Drilling, Fewer Days, Reduced Emissions

As a leader in our sector, our investment in technologies have allowed us to be an integral part of our clients' operational performance, and by environmental impact. We have focused our long-term strategy over the past decade on equipping our fleet with premium high performance technologies that drill faster and more reliably. Through our investments, engineering and R&D activities we have completely transformed our fleet. Our Atlas drilling motors, Velocity Real-Time Systems and Power Drive Orbit RSS capabilities have significantly impacted what we can accomplish at the rig site. These tools better withstand the downhole conditions, drill more accurately with more sophisticated data and provide more power to the bit for increased speed. All these factors greatly enhance the efficiency of the drilling operation and have significant impact on the time it takes to drill a well, which reduces the wells environmental impact. Shaving days from a well eliminates days of emissions.

New Technology & Emission Reductions
Permian Basin Case Study, Midland County



2017 - 10,000ft Lateral
Conventional technology

Drilling Days 8.76



Today - 10,000ft Lateral
Standard Application
Premium MWD and Motors technology
(Atlas and Velocity)

Drilling Days 6.76



Today - 11,000ft Lateral
RSS Application
Premium MWD, Motors technology and RSS
(Atlas, Velocity, RSS)

Drilling Days 3.8

48 hr

reduction to the
time heavy
equipment is
required to operate
at rig site

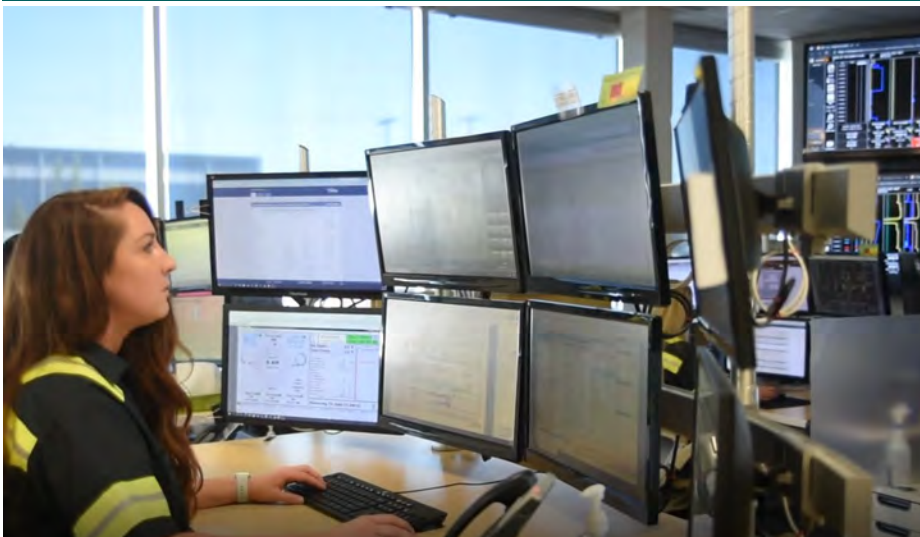
120 hr

reduction to the
time heavy
equipment is
required to operate
at rig site

Powering our Technology



None of our downhole technologies emit GHG as they are powered with lithium batteries or hydraulic power generation.



Remote Drilling & Fueling Automations

As the industry has become more focused on drilling efficiency, automation and analytics, remote drilling operations have become more of a focus. We began our remote drilling services over a decade ago. Prism, our remote drilling and optimization group, utilizes dedicated wireless telecommunications technology in the field to transmit the details of multiple jobs to trained personnel located at a central command centre. As a result of this technology, job monitoring, decoding and directional drilling inputs can in some instances take place at one central location. This technology can be used to offer remote services where fewer personnel are deployed to each rig site or can be used to monitor drilling quality on wells. Having fewer staff deployed in the field decreases emissions related to travel as well as safety risks. Remote monitoring also increases the potential for quality control on any given application, which can minimize the time it takes to drill a well, reducing emissions directly at the rig site. Currently approximately 90% of the wells we drill in Canada utilize remote monitoring or drilling in some capacity, and we are working with our clients in the US to expand this service.

Additionally, PHX Energy's software development team engineered a web-based interface that allows personnel in remote drilling centers immediate access to pertinent directional drilling information from the rig site, this interface is called Connect. The development of Connect ensures our remote drilling offering is advancing with the operators' requirements and evolving with the industry.

Although remote applications are becoming more prevalent there are still technology limitations that require personnel to be onsite, however in the future these may be eliminated as many service providers and E&P operators have research and development efforts focused in these areas.

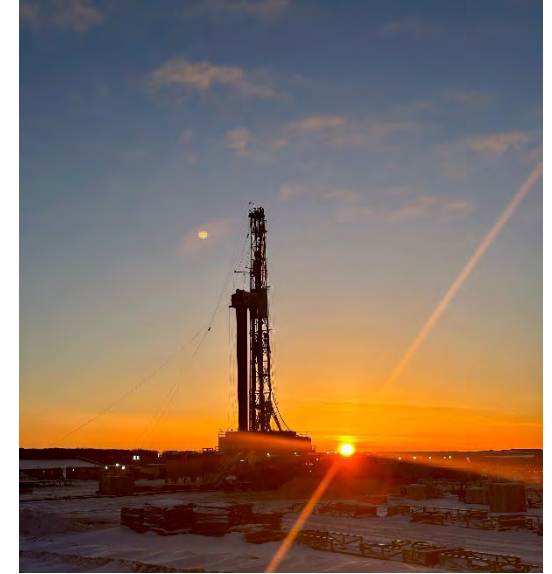
Ecological Impact

We are committed to using the natural non-renewable and renewable resources required by our operations responsibly, conserving, recycling and reusing and minimizing our physical footprint wherever possible. Our operations have a low direct ecological impact and minimal water usage and our services are fundamental to pad drilling which has greatly reduced the land used in oil and gas drilling operations.

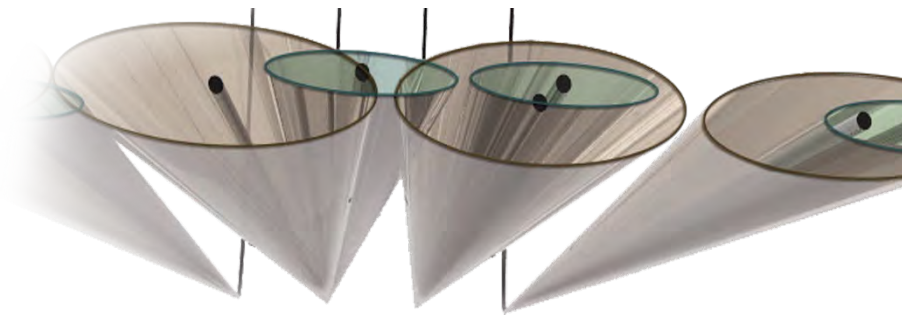
We do work at the well site but we are not directly responsible for any of the decisions that determine the use of land nor do our services require additional land usage. At the rig site our land usage is limited to:

- use of access roads for our personnel and equipment,
- use of shacks for personnel accommodations and work, and
- small footprint for equipment at the rig site.

On a typical rig site our land usage for the above would occupy approximately 1,200-1,500 sq feet, which would equate to less than 1% of the land used for a rig site operation.



A Partner in Reducing the Ecological Impact of the Rig Sites: Pad Drilling



Pad Drilling is the process whereby a drilling pad is used to drill multiple wells from one location, eliminating the necessity for multiple drilling rigs in close proximity. This approach greatly reduces the ecological impact of drilling operations and reduces the energy and resources used in rigging up and down and through the drilling operation. One of the main drivers that has allowed pad drilling to be utilized is the advancement of our services - horizontal and directional drilling. The accuracy in which wells can be drilled has greatly improved over the past few decades and with that has come the ability to steer wells all starting on a single surface location to different depths and directions underground with minimal risks. We are proud to be one of the key drivers that is making the industry more environmentally friendly and one of a few directional providers who offers advanced services related to well spacing through our survey management process.



Renewable Energy & Energy Transition

As society, global leaders and agencies work to slow and even reverse climate change, many sectors and organizations are beginning to invest and take the first step in working towards an energy transition, and we are actively engaged in this. Emissions and GHG created by the nonrenewable hydrocarbons have been identified as one of the drivers of climate change and there are many avenues being explored to transition to low carbon economies, which include carbon capture solutions and development of renewable energy sources. As with past energy transitions, reaching true low carbon economies globally will be a multi-generational process, but it is exciting to see the process started and there will be many improvements and solutions that we will see in the present day.

An emerging opportunity for PHX Energy to diversify our business is to be a part of the energy transition in the extraction and production of renewable resources. Many of the processes to extract these resources also require directional drilling services. This is a longer-term strategy for our business, as these markets are just emerging today, and we are taking steps to strategically position ourselves for when growth accelerates. Over the past three years, we drilled multiple wells for alternative energy sources including potash and helium. Additionally in 2021, we made an investment in DEEP Earth Energy Corp. (DEEP) a geothermal company developing Canada's first geothermal power facility in Canada and have drilled our first geothermal well with more on the horizon.

Our investment in DEEP immerses PHX Energy in geothermal energy development and positions us to be at the forefront of one of the greenest energy sources being developed today. It allows us to participate in and contribute to this project which merges the highly skilled oil and gas expertise from various services with geothermal reservoir and power generation expertise. We are positioned to offer our knowledge and proficiency at the Board of Director level to aid in the project's technical execution. It also provides us valuable knowledge in the renewable sector, that will be advantageous as the sector grows and there are a greater number of projects that require our services. Currently there are 26 countries around the world successfully using geothermal energy for power, including the United States where we also have established ourselves as a leader in directional drilling.

Where Does Directional Drilling Fit into Geothermal Development Services

In order to access the underground geothermal reservoirs and generate power in the geothermal facilities, a series of horizontal directional wells and injection wells are required to be drilled. These wells use the same horizontal drilling design that is used in oil and gas production, and therefore we are well versed in drilling wells with the technical requirements of these projects and our technology is fit for this purpose.

Geothermal Energy Advantages

- Low to zero emissions
- Smallest land footprint of all renewable energies
- Only renewable energy to provide round the clock base load power
- The 32MW Geothermal Power Facility is equivalent to removing 34,000 cars from road annually

Environmental Committee

In 2022 we established an environmental committee which includes a diverse group of individuals from all areas, levels and geographies of our organization. This Committee's mandate is to support and advise the executive management team in implementing the environmental goals and policies. The Committee assesses multiple areas of the organization and identifies opportunities, big and small, to reduce our environmental impact. Additionally, the Committee discusses regulatory changes and requirements of the various frameworks, and how these impact our operations, environmental metrics, create opportunities and assess risks. This Committee is an important step in creating a culture of sustainability and helps us incorporate environmental consciousness into our day-to-day operations.

Projects the Committee have implemented or are in progress include:

- Initiating discussions with landlords of our operating facility related to installation of solar panels
- Discussion with lithium battery vendor to source power from depleted cells and how we can partner with them on these efforts
- Replacement of any waste, office or operations, that is non-recyclable with recyclable alternatives



*Kimberly Cortez
Payroll & HR
Coordinator*

*Roger Cross
Field Safety
Superintendent*

*Harvey Cao
HSE Coordinator*

*Shawn Kirby
US HSE Manager*

*Daniel Arroyos
Shipping & Receiving
Manager*

*Andrew Mckinnon
Canadian MWD
Manager*

*Jeanine Youde Arora
Communications
Manager*

*Andres Alcala
US MWD Manager*

*Leon Roberts
Canadian HSE
Manager*

*Doug Webb
QHSE Manager &
Compliance Officer*

*Elyse Payne
HR Operations
Coordinator*

*Joel Dadzie
MWD Operator*

*Kelly Watson
Canadian Asset
Manager*

*Al Cristino Samoro
MWD Technician*



WORKSTATION

9

WORKSTATION

7

S- Social

We recognize our reputation is determined by how we engage and interact with all stakeholders and we are proud of the relationship focused culture we have fostered. We have longevity in many of our relationships, including with our employees, suppliers and clients, which we believe is a testament to our values and business practices. In 2022 we employed 843 full time people throughout North America and worked for over 100 customers and over 340 vendors. Additionally, we supported the local communities in which we operate in both economic and philanthropic activities.

We recognize that to maintain this strong reputation we must continually assess our various programs and policies to ensure we are evolving with the values and views of our stakeholders. We believe we are an organization that people are proud to be a part of and partner with, and maintaining this sentiment is a top priority, which includes setting key targets within our ESG strategy.

Topic	Target
Attract & Retain Personnel	<i>Reduce annual turnover rate by 5%</i> Annual Target
Diversity & Inclusion	<i>Women represent 30% of all leadership roles by 2030</i> Ten-Year Target - Baseline Year 2020
Health & Safety	<i>Maintain a TRIF of below 0.75</i> Annual Target
Support Local Communities	<i>Continue to support and provide opportunities to give back to local communities</i> Annual Target



Our Team

Our people are our greatest asset and as a service company are the cornerstone of our success. We believe we have the best team in the industry and to ensure we maintain this strength, we recognize the importance of providing a workplace environment where each individual feels safe, valued, respected, and seen as part of something larger than themselves. We are committed to our culture of open communication and prioritize the welfare of our employees.

Some highlights of how we protect, engage and reward our employees, include:

- Numerous mechanisms for feedback and communication including, our employee engagement survey, safety survey, open door policy, and whistleblower hotline
- Comprehensive Health and Safety programs and strong safety performance
- Health and wellness benefits for employees and their families
- Internal training programs, educational assistance and professional development
- Fair compensation packages and performance driven incentive programs
- Opportunities for advancement and transfer within the PHX Energy organization
- Employee focused community investment initiatives
- Team building activities



Talent Attraction & Retention

At our organization, collaboration is key. We strive to foster a culture that encourages innovation through open dialogue and exchange of ideas. Our management style facilitates creativity by allowing employees' voices to be heard and providing opportunities for creative problem-solving and empowerment.

We recognize the value of long-term employees and are proud of our ability to retain qualified and motivated individuals. As we hire employees, we can leverage new external expertise and complement the deep experience from our 5, 10 and even 20+ year employees. We believe this diverse range of talent and experience is one of our biggest strengths.



Dean Blimkie

"I've enjoyed working for Phoenix and with everyone over the past years, and thank you to the great executive team we have"



Employment Practices

For over 25 years, we have consistently achieved success in our business by adhering to ethical employment practices and creating a motivated team of employees. We remain committed to following, at minimum, all legal requirements relating to labor and human rights, while promoting fairness through our assessment and development process that cultivate growth opportunities. Furthermore, we regularly review our compensation packages against industry standards as well as local benchmarks so that they are comparable to or exceed market rate trends. Our commitment towards fostering an equitable workplace is further established through policies tailored for unbiased decision making at all organizational level.

Some of the policies we have in place to ensure fairness and an unbiased workplace are:

- Equal Employment Opportunity Policy
- Workplace Violence and Harassment Policy
- Performance Management Policy

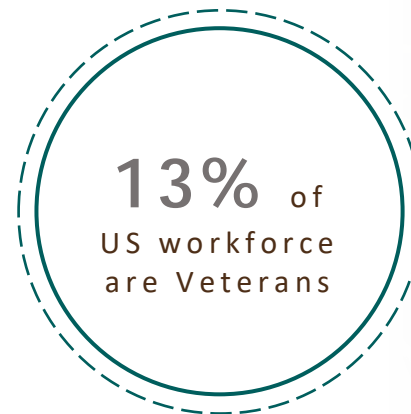
Veterans

We value the services of those individuals who choose to serve their country and protect the freedoms we in Canada and the US are so fortunate to have. We believe it is important that we support these individuals who sacrifice so much for others and also recognize they possess unique talents, skill sets and perspectives that can bring value to our organization. As such we, in line with the US Jobs for Veterans Act, are proud to employ veterans as part of our workforce.

Engaging & Listening to our Workforce

We understand the importance of equipping our staff with opportunities to give their honest and open feedback in a safe environment. We believe it is paramount to provide employees from all levels access to relevant company information, and various channels for voicing issues, ideas or concerns. This ensures employees feel engaged, empowered and heard. Encouraging an atmosphere of candid dialogue is essential when striving towards organizational growth while also achieving employee satisfaction.

At PHX Energy, we pride ourselves in cultivating an environment that promotes collaboration and creativity. Our processes and management style solicits ideas from employees and provides opportunities for innovative thinking.



Employee Engagement Survey

In 2022, we once again distributed an employee survey to measure and understand our employee satisfaction level. This annual survey is another avenue for us to collect confidential feedback from our employees. The information was once again gathered to understand what employees value the most in our work environment, including our culture and communication.

The information we gathered during the 2022 survey is a helpful tool for us to gauge employees thoughts and opinions about PHX Energy and our culture. Based on the results the vast majority of employees, enjoy working at the Company, feel they make a meaningful contribution and have a good understanding of PHX Energy's strategic direction and our industry.

PHX Family

We believe that for employees to feel valued a company needs to demonstrate an understanding of what employee value. We know the most important thing to our employees is their families, therefore we have created a tradition where we host fun contests that our employee's families can participate in. We have held these contests for over a decade.



During the month of October, we encourage employees and their families to carve pumpkins and submit them to our annual pumpkin carving contest. Every year we receive lots of creative entries, and this year was no exception. Once all the entries are in, employees vote for the winning pumpkin(s) and the winner receives a prize.



Leading up to the holidays we hold a holiday card coloring contest. Our employee's children are invited to participate in the contest by submitting a holiday card that they have colored, sketched or painted. Once a winner is declared, the winning card is utilized as our corporate holiday card and of course the winner receives a prize. We always have excellent participation and lots of creativity from the kids.

Training & Professional Development

We believe that a successful company requires motivated and qualified employees that feel the company is invested in them and their growth. Therefore we offer programs for our employees to advance their skills and knowledge to encourage them to further their career at PHX Energy. As a service company, our business depends on the expertise and knowledge of our people in all areas of the business.

Assessment & Development

We have exceptional employees, and retaining these people is vital to our success. Therefore we strive to implement programs and policies designed to foster long-term employment.

In 2022, we launched our new employee assessment and development process for performance reviews. This new process provides more frequent and regular communication between employees and managers which helps facilitate opportunities to promote growth and skill development in our employees. The goal of the new review process is to ensure employees are regularly receiving feedback, support, and coaching towards meeting expected performance standards and provide a path for career development.

This new process is crucial as we want our employees to feel valued and empowered.

Educational Assistance & Professional Memberships

Our team values the importance of continuing education and career development for our employees. We offer assistance to employees seeking advancement through external educational programs such as post-secondary, professional certifications and designations, keeping them up to date on industry and professional standards while achieving their goals.

The PHX Energy Learning Center

PHX Energy has developed an in-depth technical training program based on a process of continuous learning and professional development. This program includes classroom, hands-on, and online training, as well as field mentorship. The hub of this program is our online training tool which provides a multitude of training material and resources such as technical alerts, technical procedures, safety procedures and corporate policies. Through this tool we can also evaluate the level of understanding each individual has acquired through exams as well as offer at the worksite through features such as live chat.



Diverse Equity & Inclusive

At our organization, we strive for a culture of inclusion and respect where everyone can bring their authentic selves to the workplace. We value diversity at all levels because different perspectives, backgrounds and ideas allow us to create an environment that fosters creativity, collaboration and innovation. We are proud that within our organizational structure we have a diverse group of individuals including in senior positions and we will continue prioritizing diversity and inclusivity in all levels of our organization, ensuring equal opportunity for all.

Our Board also provides oversight of our diversity policy and practices and is responsible for this matter at the highest level of our organization. They annually review director and executive officer positions to ensure that individuals with the appropriate skills, knowledge, experience and character are being fairly considered and evaluate if there are additional requirements or policies with respect to the diversity of management that would be beneficial.

Gender Diversity in Our Industry

We work in an industry where certain disciplines, like field operations, are dominated by males for a multitude of reasons. We recognize this and are evaluating how we can supplement our recruitment practices within these areas. Although we acknowledge that our workforce continues to be predominantly males, we are striving to make progress in this regard, and build upon the instances in our past where we have hired females in what are usually traditionally male roles. We acknowledge there is a lengthy journey ahead and we are committed to doing our part.

Unconscious Bias Training

As we have embarked on our ESG journey we recognized that our recruiting practices are a key mechanism for promoting diversity and that our leaders play a vital role in us achieving our diversity objective. As a tool to help ensure we are fostering a diverse workforce, in 2022 we offered unconscious bias training to all supervisors and manager and our human resources team. This training provided awareness of some of the factors that can help promote diversity in our workforce and we believe it will help strengthen our hiring and evaluation processes.

Harassment Free Workplace

We are committed to a workplace that is free of discrimination, harassment and workplace violence and have a zero-tolerance policy in this regard. We promote a work environment in which all people respect one another and work together to achieve common goals. Employees are required to acknowledge our workplace violence and harassment policy on an annual basis.





Promoting Wellness & Mental Health

Employee well-being, both physical and mental, is key to a productive work environment and we are proud to offer multiple resources beyond our comprehensive benefits program to support our employees and their families. A critical element to overall wellbeing is mental health, and we are committed to providing support and breaking down stigmas related to mental health. Some of the initiatives we implemented to promote both physical and mental wellness include:

- We regularly engage in fitness challenges as a fun way to raise awareness about the importance of exercise and to promote getting active.
- We offer our employees and their families mental health support through our employee assistance program that provides access to confidential counselling services and other mental health resources, including a 24/7 phone number for support.
- Increased conversations surrounding mental health to reduce stigma and create a more inclusive and supportive workplace.
- We provide comprehensive medical, dental and well being benefits to employees and their families.
- We have a health and safety committee, that meets monthly and discusses wellbeing of our team and our work environment.
- We provide leave of absence for a range of needs, including but not limited to maternity/parental leave.
- Employees are provided short-term and long-term disability insurance in the event of an unexpected event in their life.



Safety

Safety is a core value of PHX Energy and we have developed a robust HSE Management system to ensure our personnel operate in a safe work environment. Our approach is to not only address legislative requirements but to proactively address risks in the workplace. This is achieved through creation of a culture where everyone in the company takes responsibility for their own safety and that of others. We expect leadership from our workers, supervisors and managers with respect to safety and it is a defined accountability that all employees have the right and obligation to ensure safe practices are being followed.

The cornerstones of our health and safety program are:

- Conducting our business in accordance with industry best practices.
- Maintaining an effective employee training program.
- Active participation by all managers, supervisors, employees, consultants, contractors and sub-contractors.
- Ensuring all equipment is appropriate and well maintained.
- Providing timely feedback to individuals and teams regarding safety performance.
- Holding individuals accountable for meeting their responsibilities.
- Recognizing individuals and teams who contribute positively to the HSE Management System.

Our Management System

We have formalized systems, processes and documents that have been developed in accordance with established industry standards. Our HSE Management System has been validated through our certifying partner, Energy Safety Canada and numerous reviews by our clients.

We continually assess our data and key performance indicators to determine priorities and identify improvement opportunities. Through our audits, corrective and preventive actions, training programs and many other initiatives, we achieve our established goals and targets.



Safety Performance

We track metrics such as TRIF/TRIR, Lost Time, Motor Vehicle Incidents, near miss frequency, training hours and fatality rates. These metrics are used in our continuous improvement process to evaluate our safety protocols and identify areas of improvement. We also analyze our data to determine trends relating to cause definitions, employee tenure, change to operations, short service employees and numerous other data points. We believe that to maintain and protect the trust of our employees we must be transparent and communicate our safety performance, sharing lessons learned to ensure we continue to provide a workplace where people feel protected and where safety is front of mind. Leadership of our management teams and shared responsibility that is cascaded throughout the organization allows us to produce metrics that are well below industry averages.

The International Association of Drilling Contractors ("IADC") issued its Incident Statistics Program's Summary of Occupational Incidents in December 2022. Industry land drilling comparatives for recordable incidence rate include: US Rate: 1.90; Canada Rate: 1.08



Our ultimate goal is to have
ZERO INCIDENTS

and have each and every employee go home safely each
and every day.

We remain dedicated to achieving this and will continue
to enhance and improve our safety program with this
goal in mind



A white hard hat with the Phoenix Technology Services logo is in the foreground. The logo consists of a red stylized 'P' followed by the text 'PHOENIX' in large, bold, black capital letters, and 'TECHNOLOGY SERVICES' in smaller, black capital letters below it. In the background, a pair of black safety boots with yellow accents is visible.

Safety Training & Awareness

Our onboarding process provides all employees with introductory safety training and highlights the prominent role of safety in our organization. Additionally, job specific training is provided to individuals before they perform any duties in their new role and we have renewal process for safety training materials. We leverage our online learning system to ensure we are monitoring compliance with safety training requirements and for competency. This training is supplemented with awareness campaigns and frequent communications, many of which come from our leadership team. Campaigns such as Safety Stand Down Week and “town hall” meetings have reinforced the importance of safety and are proactive communications to ensure personnel are making safe choices. We keep safety messages front of mind and highly visible on a day-to day basis, including safety staging areas in our facilities and safety boards.

Other initiatives that have been integral in our safety performance and to safety culture are:

- Annual companywide Safety Engagement Survey to measure perception of our employees.
- Increased participation of employees in the Joint Health & Safety Committee Meetings.
- Specific safety talks relating to trends identified or specific incidents that have occurred.
- Frequent email communication.
- Shared safety alerts from industry associations and regulatory bodies.
- Relevant information on safety communication boards.
- Visitor orientations at our facilities.

Safety Engagement Survey

We survey our employees to gauge the effectiveness of our safety program, solicit ideas and ensure they remain confident in our ability to provide a safe work environment. We utilize these results as part of our ongoing drive to continually improve and ensure anonymity to solicit authentic feedback.

A sample of the topics surveyed include:

- The Company's commitment to ongoing safety improvements and if safety is a top priority when compared to operations
- Employee's belief that they are equipped to complete their work safely and provided the training required to do so
- Employees involvement with safety initiatives in their area and top management's involvement in the safety program
- Actions are taken to prevent future incidents and those in charge of safety have the authority to make change
- Safety communication is open and employees are free to voice concerns/suggestions
- The Company's response to COVID-19 and that appropriate measures were implemented and communicated

90% or
higher for
each survey
topic
surveyed

Local Workforce & Indigenous Engagement

\$635 MILLION

contributed to the local economies in which we operate through employee wages and benefits and goods and services purchased

Investing in communities and hiring local talent is integral to our culture. We support and engage local communities, businesses and workers evidenced by our domestic and international operations and we support initiatives of our clients related to creating positive economic opportunities for indigenous communities. We are committed to providing access and opportunities to all qualified workers, contractor and suppliers and we fully understand the value of hiring local to the community where we work.

We have an Indigenous Engagement Policy and we recognize that our operations, along with those of our clients, may be conducted on treaty land and that we have a responsibility to promote the economic activities that support local Bands. We, in conjunction with our clients, actively seek to foster relationships with respective Bands to ensure positive opportunities can be established and implemented.

Hiring Local

We know the importance of supporting local economies in various ways and one of the ways in which we can achieve that is to hire local employees in the countries where we operate. In Albania, we strive to hire local Albanians and train them in the roles relevant to our operations, creating new job opportunities and supporting families and the local economy.

Community Investment

We regularly support various organizations and charities through corporate donations, employee fundraising and volunteer opportunities. We believe these philanthropic activities in addition to providing benefits to the communities in which we operate also create engagement, a sense of pride, and teamwork with our employees. We have been fortunate enough to help a variety of organizations worldwide and look forward to continuing and growing this part of our culture.

Giving Spotlight - 2nd Annual Holiday Food Drive

Our second annual Canada VS US food drive was once again a huge success with the real winners being the Calgary, Houston and Midland Food Banks. Throughout the month of December employees were once again encouraged to work together to donate as much food as possible to bring their team to victory.

The holiday spirit soared through all locations and cross border banter encouraged a healthy competition and also created a great atmosphere of team building and camaraderie. Teams shopped together, pooled money, rallied their teams and the competition was once again a huge success.

The total value of funds and food raised were \$23,025 and 13,542lbs.

In addition to the employee contributions, PHX Energy also donated to the Houston, Midland and Calgary food banks. We are very fortunate to work with generous employees who give back to the community and never back down from a good competition.





Partnering with our Vendors

Our journey toward sustainability extends beyond our scope of operations, and just as we impact our customers success, our supply chain can greatly impact ours. We are proud of the strong vendor relationships we have built and the level of trust established – truly making our vendors partners in our success. Our Supply Chain team promotes our ESG principals and standards, having open discussion regarding things like environmental impact and inviting vendors to participate in our charitable activities. We have established vendor qualification and evaluation process that accounts for factors such as environmental performance, diversity, and ethics and we are broadening our focus to encompass additional factors as well as exploring greater ways we can partner with our vendors to jointly make a difference.

Listening to our Customers

As a service provider we pride ourselves in our client focus as it is one of our core values. We therefore recognize the importance that listening and engaging with our customers has on our business success. We view ourselves as partners in our clients' operations and therefore our ability to listen to their targets and goals fuels our internal discussions on innovation, research and development and services. We also extend this to ensure we are engaging with them beyond the drilling process, work collaboratively on safety programs, industry awareness, environmental protection and charitable activities. Our clients, like us are looking to ensure they have an ethical, responsible and sustainable supply chain and we share our progress with them to ensure we always meet or exceed their standards. This accountability and transparency push us to be better each and every day.



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PHOENIX
TECHNOLOGY SERVICES



G - Governance

Since 1995, PHX Energy has fostered strong relationships with our shareholders, clients, employees and suppliers by ensuring a culture of transparency, integrity and accountability. Our pillars of corporate governance ensure we maintain trust and confidence amongst all stakeholders and have resilient business foundations. This high standard of integrity is exemplified through our policies and procedures, including our Code of Conduct, reporting mechanism and Board oversight, and these act as safeguards for ethical behaviour throughout every corner of our organization, starting with our leadership.

We believe it is essential to have a leadership and governance structure that is tailored to the unique operations and circumstances of the organization while being highly cognizant of industry best practices. By regularly looking to the guidance of the regulators and agencies, such as ISS and Glass Lewis, in this area we have built effective structure which aligns with best practices, promotes ethical conduct, mitigates risks, promotes sound governance and supports long term success. Additionally, our Board establishes and maintains such corporate governance policies and procedures as are necessary to ensure that we are fully compliant with applicable securities laws and prevailing governance standard.

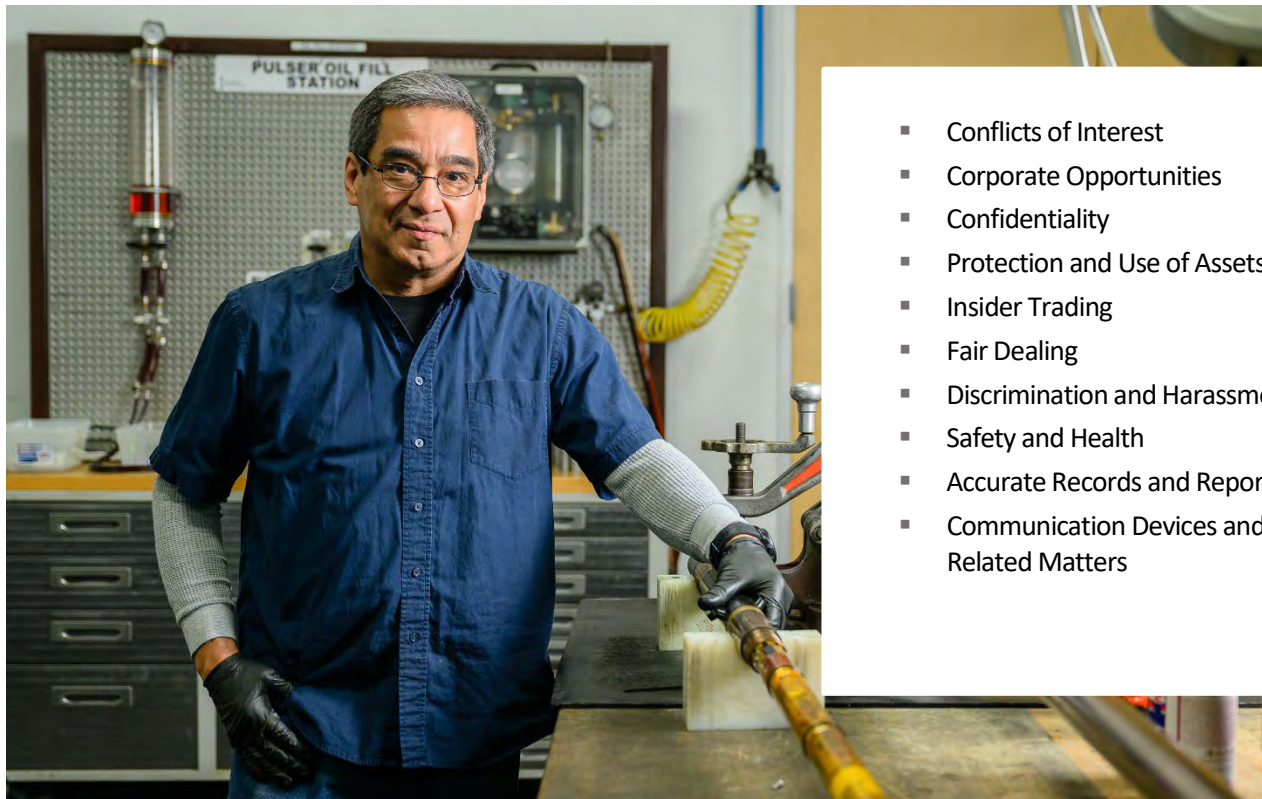
Topic	Initiative
Ethics & Integrity	<p><i>Foster an environment that promotes a culture of ethical behavior and where reporting is easily accessible and free from negative consequences.</i></p> <p><i>Continue to have 100% of staff affirm their compliance with Code of Conduct and Anti-Corruption and Bribery</i></p> <p>Annual Target</p>
Cyber Security	<p><i>Maintain 100% participation by employees in our Cyber Security training</i></p> <p>Annual Target</p>
Corporate Governance & Board Oversight	<p><i>Our engaged Board of Directors provides oversight into the activities and related goals, objectives and targets disclosed in our ESG report. Our Directors ensure compliance to laws, standards, policies and industry requirements in order to meet shareholder and other stakeholder expectations.</i></p> <p>Ongoing Target</p>
Enterprise Risk	<p><i>Maintain a risk assessment process that identifies critical risks and the development of mitigation strategies and contingency planning</i></p> <p>Ongoing Target</p>

Ethics & Integrity

We understand that ethical business goes beyond meeting legal obligations, it requires us to be mindful of the impact our decisions have on others. Our values of integrity, accountability, and respect form an integral part of our company culture and we have systems and processes in place to continue to foster this environment and business practices. Our corporate policies cover a comprehensive list of business practices and conduct. To encourage adherence to the high standards set in these policies, training and compliance programs and protocols are actively implemented throughout the organization. Additionally, corporate policies are reviewed by management, NCG Committee and the Board annually for opportunities to further strengthen these practices.

Code of Conduct

We strive to create a culture of success built upon honesty, integrity and accountability. Upon hire and annually, every employee is provided with a copy of our Code, which outlines the fundamental principles they must adhere to in their conduct as representatives of our organization. These include:



- Conflicts of Interest
- Corporate Opportunities
- Confidentiality
- Protection and Use of Assets
- Insider Trading
- Fair Dealing
- Discrimination and Harassment
- Safety and Health
- Accurate Records and Reporting
- Communication Devices and Related Matters
- Political Activities and Contributions
- Illicit Payments
- Entertainment Gifts and Favors
- Social Media
- Payments to Officials and Contractors
- Reporting unlawful or unethical behavior
- Compliance Procedures
- Compliance with Laws, Rules and Regulations, including Environmental Laws

All personnel are responsible for reviewing this code and affirming that it has been followed throughout their tenure at the company, ensuring we maintain these high standards moving forward.

Conflicts of Interest

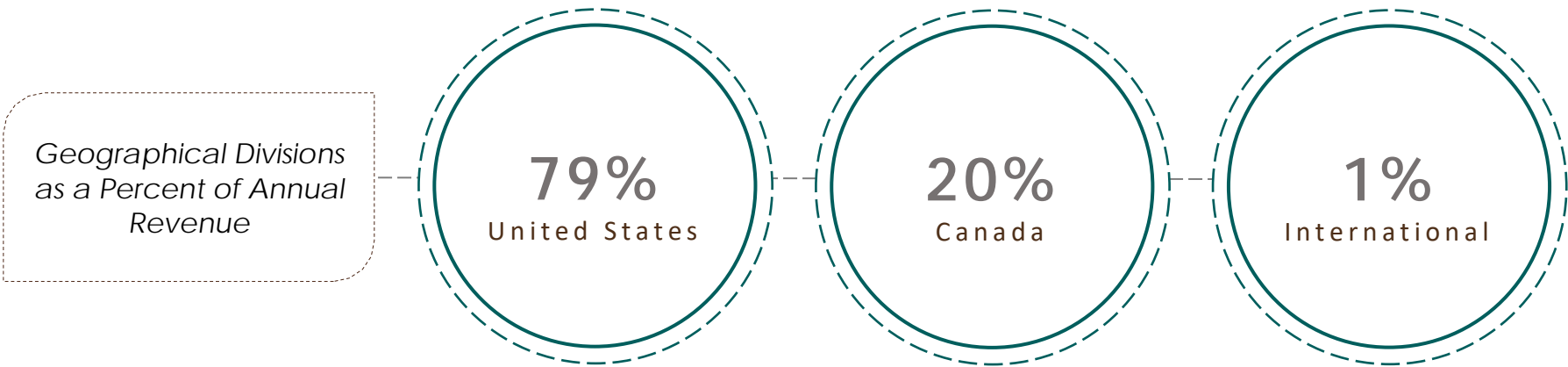
Avoiding potential conflicts of interest is an important part of conducting business with integrity and transparency. We have established policies and protocols to ensure that any interference, or potential interference from private interests in decisions related to the Company are prevented or mitigated by proper disclosure and approval, especially at the executive and Board levels. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interest must be reported immediately.

Anti-Corruption & Bribery

Our commitment to ethical practice and zero tolerance stance against any form of corruption and bribery are the foundations of our Anti-Corruption and Bribery Policy. Our Anti-Corruption & Bribery Policy outlines the measures taken to prohibit improper advantages in our business dealings and is designed to ensure that our Company is at all times compliant with anti-corruption laws which prohibit bribery foreign and domestic.

Anti-Corruption and bribery training is conducted on a regular basis, including an annual certification process. Our Compliance Officer regularly monitors internal process, specifically high-risk areas risk as it is an essential element of our business practices that all persons and entities who wish to do business with us have access on equal terms.

In 2021 and 2022, we did not generate any revenue in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index.



Reporting Mechanism & Whistleblower Policy

We understand the importance of ensuring that our personnel know how to report any violations and feel secure and safe in doing so. Anyone with questions or concerns about potentially unethical scenarios is encouraged to reach out for guidance from their supervisors, managers or other appropriate personnel. Additionally, if an issue arises regarding violation of legal or corporate rules and regulations, individuals can confidentially contact either the Privacy and Compliance Officer, Human Resources Manager—or make use of our Whistle Blower hotline service— each providing reassurance of confidentiality and against unfair retribution when voicing an issue in good faith.

Our "Whistleblower Policy" allows for an anonymous channel by which employees and non-employees may raise concerns with respect to a possible violation of the Company disclosure standards in a confidential process. There is both a Whistleblower hotline and email address available on our website and all reports are received by independent member of the Board.

Privacy & Compliance Officer

We have an appointed Privacy and Compliance Officer, independent of Executive Management with direct reporting lines to the Board's Lead Director, as another secure confidential channel for employees should they need to report concerns. This means all good-faith reports can be made without fear of retribution or bias.

Privacy Policy

We believe that assuring the protection of personal information and privacy is paramount. To ensure all employees are aware of their rights in this regard, a comprehensive Privacy Policy is established outlining how private data will be collected, used and distributed. Our policy applies to individuals providing services for us such as full-time or part-time staff members along with contract workers volunteers and students alike. All personal information provided to us is kept private and confidential and is protected by physical and electronic security measures and is collected, used, and disclosed only as allowed by our Policy. We ask each individual to annually acknowledge and consent to our Privacy Policy. Our Privacy Officer is available to all individuals who have questions regarding their personal data protection, our Privacy policy, and the privacy of their information.

Data Privacy & Cyber Security

Data privacy and cyber security are matters we take seriously as they are critical to the successful operation of our business. Our Information Technology team is committed to ensuring we have systems and controls in place to prevent cyber-attacks, protect the personal data of our stakeholders, and safeguard our business continuity.

Because cyber-security remains one of our top risk management priorities, our team conducts regular cyber-security risk assessments based on the Center for Internet Security (CIS) cyber controls and engages the services of third-party agencies in monitoring, mitigating, and assessing our systems and vulnerabilities. We employ encryption protection of our confidential information and apply technical or process controls in line with or above industry-accepted standards, including a written incident response plan for responding to a cyber-security incident. In addition, we maintain policies and procedures that address these risks, implement employee protocols with respect to electronic communications and electronic devices, have made investments in our information technology infrastructure and implemented

a continuous improvement process that ensures ongoing action plans are in place. Our Board is provided a quarterly update, at minimum, that provides details of our risk assessments, action plans in place and progress, and an assessment of the effectiveness of our systems.

During 2022, our Security Scorecard improved because of actions taken to mitigate the moderate risks identified during our risk assessment and there were no high-risk areas that require immediate action identified during our risk assessment.

We believe one of the best defenses we have against a cyber-attack is awareness and training. Our IT team has developed a cyber security course that is mandatory for all personnel and regularly conducts drills, where mock attempts of various security breaches are conducted and if successful, further employee training is provided. We have seen a vast improvement in the awareness and vigilance of our employees as a result of these programs our IT team has implemented.

Cyber Security Measures



Data Protection: We ensure the lawful, fair, and transparent collection, processing, and storage of personal data in compliance with applicable data protection laws. We regularly conduct data protection impact assessments to identify and mitigate risks.



Cybersecurity: We implement technical and organizational measures to prevent unauthorized access, disclosure, or loss of data. We have installed firewalls, antivirus software, and intrusion detection systems to protect our systems from cyber threats.



Training: We provide regular training and awareness programs to our employees to promote a culture of data privacy and cybersecurity. Our employees are required to adhere to our policies and report any incidents immediately.



Incident Management: We have established an incident response plan to manage and contain any data breaches. The plan outlines the steps to be taken in case of a breach, including notification of affected individuals and regulatory authorities, and actions to prevent similar incidents in the future.



Third-Party Suppliers: We require our third-party suppliers to adhere to our data privacy and cybersecurity standards. We conduct due diligence on our suppliers and sign contractual agreements that require them to implement adequate security measures.

2022 Results for Shareholder Return

Strong profitability and cash positive position = Opportunity

17% of Shares repurchased since March 2017 = Opportunity

Reinstated quarterly dividend and increased four times

From 38,989,887 to 50,988,737 Common Shares Outstanding

SHAREHOLDER RETURN

Our strategy to reward shareholders has progressed over a 5-year period

2017 2018 2019 2020 2021

NCM Purchases 152,800 Shares Cancelled

NCM Purchases 4,782,350 Shares Cancelled

Dividend Reinstated \$0.30 per share*

Zero Under Cash Positive

Shareholder Trust Restored

PHX Energy

NCM Purchases 182,200 Shares Cancelled

NCM Purchases 2,076,500 Shares Cancelled

Dividend \$0.25

Q4 2022 Financial Results

Highest level of quarterly and annual revenue and Adjusted EBITDA in our history

For the fourth consecutive quarter, US division generated all-time record quarterly revenue and record annual revenue

Commitment to unprecedented shareholder rewards

	Three-month period ended Dec. 31, 2022	2021	% Chg.	Twelve-month period ended Dec. 31, 2022	2021	% Chg.
Operating Results						
Revenue	\$32,748	\$32,236	54	\$33,748	\$29,940	56
Adjusted EBITDA ⁽¹⁾	\$3,074	\$7,410	95	\$9,719	\$6,564	54
Cash Flow from operating activities	\$,879	\$2,968	(31)	\$8,338	\$5,568	(16)
Crossed Cash Flow ⁽²⁾	\$4,288	\$,512	119	\$1,163	\$2,850	(59)
Adjusted P&L Per Share ⁽³⁾	\$1.18	\$1.02	160	\$3.98	\$1.92	107
Industry Activity						
Canadian Rig Count	193	155	21	675	121	56
US Rig Count	776	555	39	723	478	51
Operating Day	2,871	2,267	12	9,823	7,359	33
Canadian Operating Days	6,843	3,783	30	18,488	16,081	28
US Operating Days						

⁽¹⁾ See our 2022 and 2021 Financial Statements and our most recent financial quarterly report.

⁽²⁾ Dividend Per Share per Quarter: Dividend for common shareholders ended Dec. 31, 2022

⁽³⁾ Net Debt (\$ in millions): \$1.18 Dec. 31, 2022

⁽⁴⁾ Working Capital (\$ in millions): \$9.4 Dec. 31, 2022

⁽⁵⁾ EBITDA as at Dec. 31, 2021: \$1.92

⁽⁶⁾ Net Income (\$ in millions): \$1.7 Dec. 31, 2021

Shareholder Engagement

We work diligently to align our business strategies with the interests of our shareholders by providing transparent and timely communication, and offering multiple avenues for the open exchange of information, ideas, and perspectives to promote mutual understanding. Our management welcomes opportunities to have one-on-one conversation with our shareholders and we regularly participate in various conferences that offer us opportunities to present our strategy. Engaged shareholders can provide valuable insights and perspectives to help us in our decisions, improve corporate governance, and drive long-term sustainable growth. We prioritize shareholder engagement to ensure we build trust and credibility and have a solid understanding of our investors' needs and concerns. Ultimately, effective shareholder engagement will contribute to our long term success.

Board of Directors

Our Board, with the assistance of the Nomination and Corporate Governance (NCG) Committee, retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the Board functions independently of management. Additionally, our Board provides guidance on our Environment, Health, Safety and Sustainability initiatives and strategies which are discussed at each quarterly Board meeting in addition to at Committee meetings where appropriate.

Board Oversight & Risk Management

While everyday operations are the responsibility of our Management team, our Board, either directly or through its committees, is responsible for the stewardship of the Corporation in key areas including vision, strategic planning and objectives, leadership, operational effectiveness and financial reporting, integrity and corporate conduct, ESG, risk management, compliance with applicable laws, corporate governance practices, and Board process and effectiveness. In discharging their responsibility, the Board exercises the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and acts in good faith with a view to the best interests of PHX Energy and its stakeholders. The Board is also responsible for the consideration and mitigation of principal risks of the business identified by management and to ensure that all reasonable steps are taken to ensure the implementation of appropriate systems and procedures to manage such risk.

Strategic Planning

Board engagement in the development and execution of our strategic plan is a key way that the Board provides oversight related to principal objectives, business growth, opportunities and risks. We dedicate a meeting of the directors annually to this process where by both long range and short range plans are presented in detail to the Board, along with the operating and capital expenditures budget for the upcoming year. Additionally a discussion of the strategic plan is a regular agenda item for all board meetings held and conversations occur frequently and openly among the Directors and senior management both inside and outside of the boardroom. These discussions provide clear alignment and understanding by our Directors of our strategy as it provides the information required for them to discuss and analyse the main risks associated with our strategic plan and make recommendations to adjust the plan if necessary.

Enterprise Risk Management

Our Executive Management team is responsible for monitoring and assessing various business risks and opportunities, with oversight from our Board of directors. When assessing a risk or opportunity, the Executive engages subject matter experts within our organization and we evaluate financial, operational, environmental, social, legal and compliance related factors and implications, subject to the significance and materiality of the risk or opportunity. For material risks, mitigation strategies are identified, implemented and assessed on a regular basis for effectiveness and relevance. Frequent and timely communication related to risk management is provided to the Board, including regular updates in Board meetings from both the Executive team and various senior managers who oversee areas where material risks have been identified, including HSE, Tax and Financial, Information Technology and Security, Legal and Compliance, ESG, and Supply Chain. We believe this process provides protection and contingency planning for the material risks that we are faced with today.

Board Oversight of ESG Matters

The Board and Committees' duties are set out in the Board and Committee Mandates which are reviewed annually to ensure they are reflective of the needs of our stakeholders and of our evolving business. In 2022, as part of the annual review of corporate policies and mandates, we revised both the NCG Committee Mandate and the Board mandate to add specific responsibilities related to Environment, Health, Safety and Sustainability. These include overseeing and reviewing policies, procedures, internal control systems and strategies related to climate related issues, environmental protection, health and safety, sustainability and related governance matters to ensure due assessment, compliance with regulatory requirements and laws, consideration and management of risks, opportunities and potential performance improvement, strategies or financial planning.

To facilitate the oversight of its ESG responsibilities, the Board receives regular reports related to our ESG performance and initiatives including:

- Quarterly reports from our Global QHSE Manager related to our HSE performance
- Quarterly Compliance, Privacy and Anti-Corruption updates from our Compliance and Privacy Officer
- Quarterly reports related to the progress made on our ESG targets, initiatives and strategies
- Quarterly reports on cyber security

Board Composition & Independence

Our Board is comprised of 7 directors, 6 of which are independent and have varying tenures with PHX Energy. Our Lead Director and all Board Committees are represented by independent directors and all directors have served or are serving as members of senior management of other companies in our industry, served or are serving on as directors of other publicly traded companies. We hold our directors and the experiences and skills they bring to our business in high regard, and believe they deliver great value to our shareholders.

		Tenure (Years)	Audit	Human Resources & Compensation	Nomination & Corporate Governance
John Hooks	<i>Board Chair; CEO</i>	28			
Myron Tetreault	<i>Lead Director, Independent</i>	16		•	•
Karen David Green	<i>Independent</i>	2	•	•	
Randy Charron	<i>Independent</i>	21	•	•	•
Terry Freeman	<i>Independent</i>	5	Chair		
Larry Hibbard	<i>Independent</i>	12	•		Chair
Roger Thomas	<i>Independent</i>	11		Chair	•

Competency & Knowledge of the Board

Given the size of the Board, ongoing education and the extensive oil and gas related business experience of the members of the Board, we strongly believe there is a clear alignment and understanding of our strategic plan, risks and opportunities among our directors and conversations among the Board and senior management, both inside and outside the boardroom, occur frequently and openly.

We have developed a skills matrix outlining the skills, knowledge and experience we believe are required for the success of our business and comprehensive oversight of our operations and strategies. The skill matrix is an organic structure that evolves with our business and at minimum is reviewed by the NCG Committee and the Board annually. This is a vital tool in Board renewal and ensures fresh and current perspectives are maintained while recognizing the benefits of having a Board whose members are familiar with PHX Energy's operations and history.

The knowledge and experience captured in our skills matrix and represented by our directors' expertise includes:

- Corporate Governance Expertise/ Board Member of a Public Issuer
- Professional Designation
- Risk Management
- Enterprise Management
- Strategic Planning
- Business Operations
- General Oil & Gas Experience
- Drilling/Oil & Gas Service Sector Experience
- International Experience
- US Experience
- Financial Designation/ CFO of a Public Issuer
- Financial Literacy/Financial Reporting/Audit Committee
- Investment Banking/Mergers & Acquisitions/Capital Markets
- Tax Expertise
- Legal/Regulatory Expertise
- HR & Compensation
- Health, Safety, Environment
- Information Technology/Cyber Security
- Marketing/Sales/Branding
- Research & Development/ Technology Development



Board Effectiveness

In their annual review of Board effectiveness, our NCG Committee evaluates the Board, Committee and Individual Directors' performance related to its mandates, position descriptions and policies and the company's performance, overall objectives and strategies along with relevant diversity factors. They also use this assessment as a mechanism for Board renewal and continual improvement of effectiveness. The Lead Director conducts interviews with each director, specifically related to their view on the overall performance of the board and committees, their fellow directors and their own self-assessment.

Board Diversity

The nomination and appointment of directors with diverse skills, knowledge, experience and backgrounds contributes to balanced perspective, debate and decision making. We further believe 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 our business and all of its stakeholders. To ensure the application of these principles and the development of a Board that is free of conscious or unconscious bias and discrimination, we have adopted a written Diversity Policy, which can be found on our website. *For more information related to Board diversity please see our MIC filed on SEDAR.*

Meeting Attendance

In 2022 we had 100 percent attendance of all directors at each Board meeting. At each meeting of our Board and Committees, the independent directors convene an in-camera meeting without the presence of management. In 2022 there were 6 Board Meetings, 4 Audit Committee Meetings, 3 Human Resources and Compensation Committee Meetings and 1 Nomination and Corporate Governance Meeting. Other meetings of the independent directors are held from time to time if required.

Pay For Performance Compensation Model

Our executive compensation framework is a pay for performance model that aligns awards with business strategies, individual and corporate performance and shareholder value. This framework is designed with a compensation mix of base salary, short-term incentives and long-term incentives and places a significant portion of a executives compensation at risk. Additionally in early 2017, the Board adopted and approved a formal recoupment or "clawback" policy on executive incentive compensation. For numerous years, the framework has included a target set for executives related to HSE performance and in 2021 and 2022 the Corporation added objectives related to evaluating and strengthening the Corporation's ESG practices. The HRC Committee along with the Board believe that these objectives will help ensure PHX Energy is continually moving the needle forward on its sustainability and corporate responsibility.

Performance Data

Contribution to local economies is measured by SG&A, direct costs, capital expenditures and our inventories

Operating Data

	2020	2021	2022
Number of Active Well Sites ⁽¹⁾			
Number of Active Rigs	n/a	n/a	n/a
Wells Drilled	1,299	1,688	2,083
Operating Days ⁽²⁾	16,980	21,310	28,368
Total Amount of Drilling Performance			
Meters Drilled - Canada	1,775,912	2,860,356	3,944,603
Drilling Hours - Canada	99,933	146,162	202,648
Feet Drilled - USA	14,182,416	20,066,569	27,001,600
Drilling Hours - USA	237,784	319,119	454,020
Total Employees	540	707	843
Total Number of hours worked by all employees		1,604,634	2,132,597
North American Revenue (\$CAD)	234,059	340,052	

1) Required disclosure under SASB – the definition under SASB is not applicable to our operations, however wells drilled and operating days provide similar insight into the volume of activity we record in a year

2) Operating days is defined as the billable days on which PHX Energy is providing services to the client at the rig site

Environmental Data

	2020	2021	2022
Scope 1 Emissions (mtCO ² e)	n/a	3,212	3,668
Fuel (mtCO ² e)	n/a	3,212	3,668
Scope 2 Emissions (mtCO ² e)	2,498	2,473	2,707
Electricity (mtCO ² e)	1,018	1,052	1,189
Natural Gas (mtCO ² e)	1,480	1,421	1,518
Total	n/a	5,685	6,375
Scope 1 Per Operating Day*	n/a	0.151	0.129
Scope 2 Per Operating Day *	0.147	0.116	0.095
Total Per Operating Day	n/a	0.27	0.22
Fuel Consumed in Off Road Equipment	0	0	0
% Renewable	0	0	0
Fuel Consumed in On Road Equipment and Vehicles	2,498	3,212	3,668
% Renewable	0	0	0
% Engines Tier 4	n/a	n/a	n/a
Total Volume of Water Handled (thousands of m3)	n/a	n/a	4,984
% Recycled*	n/a	n/a	68%
Volume Of Hydraulic Fracking Fluid Used	n/a	n/a	n/a
% Hazardous	n/a	n/a	n/a
Average Acreage Disturbed			
Oil	n/a	n/a	n/a
Gas	n/a	n/a	n/a

CO₂e emission factors based on country and fuel type source; The Climate Registry and the U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID) publication.

*based on water maze usage

Retention & Development

	2020	2021	2022
Voluntary Turnover	10%	18%	13%
Tenure (% of employees)			
5+ years	34%	27%	24%
10+ Years	14%	10%	10%
Learning Hours	20,216	22,023	25,464
Modular Enrollments	24,522	38,554	46,185
Modular Completion Rate	92%	96%	92%

Diversity

	2020	2021	2022
Women as %	13%	11%	11%
Men as %	87%	89%	89%
Women as % Leadership Role	21%	23%	24%
% of Managers Who took Unconscious Bias Training	n/a	n/a.	85%

Compliance, Ethics & Cybersecurity

	2020	2021	2022
% Ethics Compliance	100	100	100
% Cybersecurity Training	98	100	100

Health & Safety Data

	2020	2021	2022
Total recordable incident rate (TRIR)	0.39	0.36	0.47
Fatality rate	0	0	0
Near miss frequency rate (NMFR)	6.95	5.09	11.4
Total vehicle incident rate (TVIR)	1.07	0.57	0.51
Average hours of health, safety, and emergency response training for:	1,500	2,927	10,225
full-time employees	1,027	2,049	3,903
contract employees	473	878	3,440
short-service employees	204	968	-
-Number of days in year with no LTIs	365	365	365

Governance

	2020	2021	2022
Average Age of Board of Directors	62	62	63
Average tenure of Board of Directors	10	12	13
Board of Director % as Woman	14%	14%	14%
% Independent	85%	85%	85%



Sustainability Accounting Standards Board (SASB)

Index

Topic	Accounting Metric	Code	Location In Disclosure
<i>Emissions Reduction Services & Fuel Management</i>	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles and (2) off-road equipment	EM-SV-110a.1	Pg 18, 55
	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	EM-SV-110a.2	Pg 17-20
	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	EM-SV-110a.3	n/a
<i>Water Management Services</i>	(1) Total volume of fresh water handled in operations, (2) percentage recycled	EM-SV-140a.1	Pg. 55
	Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts	EM-SV-140a.2	Pg 19-20
<i>Chemical Management</i>	Volume of hydraulic fracturing fluid used, percentage hazardous	EM-SV-150a.1	n/a
	Discussion of strategy or plans to address chemical-related risks, opportunities, and impacts	EM-SV-150a.2	n/a
<i>Ecological Impact Management</i>	Average disturbed acreage per (1) oil and (2) gas well	EM-SV-160a.1	Pg 25
	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core	EM-SV-160a.2	Pg 25
<i>Workforce Health & Safety</i>	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), (4) total vehicle incident rate (TVIR), and (5) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	EM-SV-320a.1	Pg 56
	Description of management systems used to integrate a culture of safety throughout the value chain and project life cycle	EM-SV-320a.2	Pg 37-40
<i>Business Ethics & Payments Transparency</i>	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-SV-510a.1	Pg 46
	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-SV-510a.2	Pg 46
<i>Management of the Legal & Regulatory Environment</i>	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-SV-530a.1	Refer to Industry Conditions section of Annual Information Form filed on SEDAR
<i>Critical Incident Risk Management</i>	Description of management systems used to identify and mitigate catastrophic and tail-end risks	EM-SV-540a.1	Pg 17, 37, 48, 50 Refer to Business Risk section of Annual Information Form filed on SEDAR

Table 2. Activity Metrics

Activity Metric	Code	Location In Disclosure
Number of active rig sites	EM-SV-000.A	Pg. 54
Number of active well sites	EM-SV-000.B	Pg. 54
Total amount of drilling performance	EM-SV-000.C	Pg. 54
Total number of hours worked by all employees	EM-SV-000.D	Pg. 54

Task Force On Climate-Related Financial Disclosure (TCFD) Index

Topic	Recommended Disclosure	Location In Disclosure
<i>Governance</i>	Describe the Board's oversight of climate-related risks and opportunities.	Pg 50
	Describe management's role in assessing and managing climate related risks and opportunities.	Pg 14-15
<i>Strategy</i>	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Pg 14-16
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Pg 14-16
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
<i>Risk Management</i>	Describe the organization's processes for identifying and assessing climate-related risks.	Pg 14-16
	Describe the organization's processes for managing climate-related risks.	Pg 14-16
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Pg 14-16, 50
<i>Metrics & Targets</i>	Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Pg 14-16,
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	Pg 17-20, 55
	Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	Pg 14-16,

Forward Looking Information

Certain statements contained in this Report constitute "forward looking statements" and/or "forward looking information" within the meaning of applicable securities laws (collectively referred to as "forward looking statements"). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" "foresees", and similar expressions, are intended to identify forward looking statements. Such statements reflect the current views of PHX Energy with respect to future events, programs and operating performance and speak only as of the date of this document. In particular, this document contains forward looking statements pertaining to: the Corporation's ability to achieve the targets set out in this Report specifically related to emission, water usage and diversity; the anticipated development and future growth of the DEEP Geothermal Project and the Corporation's participation in the project; the demand for renewable energy and the Corporation's future participation in the sector; the timing and impact of an energy transition; climate change related opportunities; plans to seek opportunities to further integrate sustainability factors into strategic decisions; and future business, the anticipated parameters of regulatory and industry conditions.

Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward looking statements, including but not limited to those factors referred to under the heading "Risk Factors" in the Corporation's Annual Information Form ("AIF") for the most recent year ended and the Corporation's management's discussion and analysis for the three-month period and year then ended December 31, 2022. Although forward looking statements contained in this Report are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward looking statements. The forward looking statements in this Report are expressly qualified by this cautionary statement. Unless otherwise required by law, PHX Energy does not intend, or assume any obligation, to update these forward looking statements.