



## 2023 MODERN SLAVERY REPORT

Calfrac Well Services (“Calfrac”) is an international provider of specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well stimulation services, which are designed to increase the production of hydrocarbons from wells. Calfrac is headquartered in Calgary, Alberta, Canada and has continuing operations focused in North America and Argentina. Calfrac Well Services Ltd. (“CWSL”) is the legal entity that conducts operations in Canada and is the parent company of the Calfrac group of companies. Calfrac’s operations in the United States and Argentina are conducted by separate, wholly owned subsidiaries of CWSL.

Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) applies to CWSL’s operations because it is a publicly traded company that imports into Canada goods produced outside of Canada and is a seller of goods within Canada. As a result, the Act requires us to report on the measures taken in the prior fiscal year by CWSL to prevent and reduce the risk that forced labour or child labour is used by us or in our supply chains.<sup>1</sup>

As the reporting entity under the Act, CWSL is publishing this report for its financial operating year ended December 31, 2023. While Calfrac’s United States and Argentina operating entities are not reporting entities under the Act, Calfrac has completed substantially equivalent measures for these entities as is described in the enclosed report for CWSL.

Calfrac is committed to conducting its business in a manner that safeguards the health, safety, and human rights of its employees, customers, the public and other stakeholders, as well as the environment and the business integrity of Calfrac. As part of this commitment and in furtherance of the objectives of the Act, the measures Calfrac undertook in 2023 to prevent and reduce the risk that modern slavery is used by us or in our supply chains included the following:

- ✓ Conducted supply chain mapping and internal risk assessments of modern slavery in our activities and supply chains.
- ✓ Implemented a training course for all employees involved in contracting and/or purchasing decisions to raise awareness and educate our employees on common risk areas and warning signs of modern slavery.
- ✓ Published a Supplier Code of Conduct (the “Supplier Code”) that formalizes the ethics and compliance standards required of Calfrac’s suppliers.
- ✓ Implemented contractual clauses on modern slavery in our Supplier Terms and Conditions.

Additional details on these measures are set forth in Schedule “A” to this report. We are pleased with the progress Calfrac has made over the past year, and we will continue to review our approach to preventing and reducing the risk of modern slavery within our activities and supply chains in the year ahead. This report was approved by the board of directors of CWSL.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Pat Powell, Chief Executive Officer  
March 27, 2024

I have the authority to bind Calfrac Well Services Ltd.

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<sup>1</sup> Forced labour and child labour are collectively referred to herein as “modern slavery”.

**1. What steps has the entity taken in the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity?**

- ✓ Mapping activities;
- ✓ Mapping supply chains;
- ✓ Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains;
- ✓ Developing and implementing an action plan for addressing forced labour and/or child labour;
- ✓ Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains;
- ✓ Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour;
- ✓ Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains;
- ✓ Developing and implementing anti-forced labour and/or -child labour contractual clauses;
- ✓ Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists;
- ✓ Developing and implementing grievance mechanisms;
- ✓ Developing and implementing training and awareness materials on forced labour and/or child labour; and
- ✓ Engaging with supply chain partners on the issue of addressing forced labour and/or child labour.

**2. Please provide additional information describing the steps taken.**

- ✓ Formed a Supply Chain Working Group to identify and review risks of modern slavery in Calfrac's supply chain and its United States and Argentina subsidiaries' supply chains.
- ✓ Classified suppliers into 4 levels of risk based upon the type of goods or services supplied, the impact of the supplier to Calfrac, the materiality of spend and the location of supplier's operations or risk of sourcing raw materials from high-risk regions, as is further discussed below under question number 7.
- ✓ Prioritized engagement with risk Level 3 and 4 suppliers, representing less than 10% percent of suppliers but approximately 90% of Calfrac's managed spend and approximately 75% of total vendor spend, to focus due diligence and resources where risks may be higher and/or where Calfrac's actions can have the greatest impact.
- ✓ Engaged external legal counsel to assist Calfrac by reviewing mapping activities, due diligence processes, and the Supplier Code, as well as drafting contractual clauses.
- ✓ Reviewed the U.S. Department of Labor's *List of Goods Produced by Child Labor or Forced Labor* and *2023 Global Slavery Index* to help identify high-risk goods and countries of origin.
- ✓ Implemented a training course for all employees involved in contracting and/or purchasing decisions to raise awareness and educate employees on common risk areas and warning signs.
- ✓ Implemented contractual clauses addressing modern slavery risk in the Supplier Terms and Conditions applicable to Calfrac and its subsidiaries in the United States and Argentina.
- ✓ Initiated a plan to implement clauses in non-template supply contracts in 2024.
- ✓ Published the Supplier Code applicable to Calfrac and its subsidiaries in the United States and Argentina, and prioritized its distribution to Level 3 and 4 North American suppliers for a written compliance acknowledgement.

**3. Which of the following accurately describes the entity's structure?**

- ✓ Corporation.

#### 4. Which of the following accurately describes the entity's activities?

- ✓ Selling goods in Canada and outside Canada; and
- ✓ Importing into Canada goods produced outside Canada.

#### 5. Please provide additional information on the entity's structure, activities and supply chains.

- ✓ Calfrac is a supplier of hydraulic fracturing, coiled tubing, cementing and other well stimulation services that are designed to increase the production of hydrocarbons from wells.
- ✓ CWSL operates in Canada only. Operations in the United States and Argentina are conducted by wholly owned subsidiaries that are not reporting entities under the Act. Calfrac nonetheless completed substantially equivalent due diligence and assessment processes as outlined in question number 1 for the supply chains of its United States and Argentina subsidiaries.
- ✓ Calfrac's core business is the provision of pressure pumping services to oil and gas exploration and production companies, which often includes the sale of associated consumable goods, primarily hydraulic fracturing sand and well completion chemicals.
- ✓ Calfrac sources its raw materials, such as fracturing sand, chemicals, nitrogen, and diesel fuel, and equipment and component parts from a variety of suppliers, many of which are large, multinational organizations.
- ✓ The substantial portion of such goods are sourced from suppliers in Canada, however, CWSL does import certain goods into Canada, including (i) fracturing sand mined in the United States; (ii) fabricated oilfield equipment, such as fracturing pumps and blenders; and (iii) certain chemicals, including friction reducer, oxidizers, breakers, intermediates, and biocides.
- ✓ CWSL also procures certain chemicals and component parts from suppliers in Canada and the United States for intercompany sale to its Argentina subsidiary, Calfrac Well Services Argentina S.A.

#### 6. Does the entity currently have policies and due diligence processes in place related to forced labour and/or child labour?

- ✓ Yes.

#### 6.1 If yes, which of the following elements of the due diligence process has the entity implemented in relation to forced labour and/or child labour?

- ✓ Embedding responsible business conduct into policies and management systems;
- ✓ Identifying and assessing adverse impacts in operations, supply chains and business relationships; and
- ✓ Tracking implementation and results.

#### 7. Please provide additional information on the entity's policies and due diligence processes in relation to forced labour and child labour.

- ✓ *Policies:* Calfrac's Code of Business Conduct requires Calfrac, its employees and contractors to comply with all applicable laws and regulations. In addition, in 2023 Calfrac published a Board of Director's approved Supplier Code, which formalizes the standards required of Calfrac's suppliers, including a prohibition on the direct or indirect use of forced labour and/or child labour. In 2023, Calfrac published the Supplier Code on its website and distributed it to all Level 3 and 4 Suppliers in North America for a written compliance acknowledgement.
- ✓ *Due Diligence Processes:* See response to question numbers 2 and 5 for details on the supply chain mapping (including supplier classification process) and related due diligence process.

#### 8. Has the entity identified parts of its activities and supply chains that carry a risk of forced labour or child labour being used?

- ✓ Yes, we have started the process of identifying risks, but there are still gaps in our assessments.

**8.1 If yes, has the entity identified forced labour or child labour risks related to any of the following aspects of its activities and supply chains?**

- ✓ The types of products it produces, sells, distributes or imports
- ✓ The types of products it sources
- ✓ The raw materials or commodities used in its supply chains
- ✓ Tier one (direct) suppliers
- ✓ Tier two suppliers
- ✓ Tier three suppliers
- ✓ Suppliers further down the supply chain than Tier 3

**9. Has the entity identified forced labour or child labour risks in its activities and supply chains related to any of the following sectors and industries?**

- ✓ Mining, quarrying, and oil and gas extraction
- ✓ Manufacturing
- ✓ Wholesale trade

**10. Please provide additional information on the parts of the entity's activities and supply chains that carry a risk of forced labour or child labour being used, as well as the steps that the entity has taken to assess and manage that risk.**

- ✓ Calfrac's risk assessment sought to identify categories of goods sourced by Calfrac that could have modern slavery risks. This determination was made primarily based on whether a supplier provides supplies to Calfrac directly from a high-risk region or if it supplies products that include raw materials that could be sourced, directly or indirectly, from high-risk regions. This process was informed by, among other things, a review of the U.S. Department of Labor's *List of Goods Produced by Child Labor or Forced Labor* and the *2023 Global Slavery Index*. Examples of potential risk areas that have been identified include:
  - ✓ guar gum used in cross-linked chemical systems;
  - ✓ oleochemicals and palm oil potentially used in surfactants;
  - ✓ electronics, including mobile phones, computers and other IT equipment;
  - ✓ rubber incorporated into tires, seals and o-rings (mechanical gaskets); and
  - ✓ cotton, garments, footwear, gloves, and textiles incorporated into personal protective equipment.
- ✓ See question numbers 1, 2, 5 and 7 for steps Calfrac took in 2023 to manage modern slavery risks. Calfrac is continuing to review its next steps with respect to further assessing and managing any risks identified in 2023.

**11. Has the entity taken any measures to remediate any forced labour or child labour in its activities and supply chains?**

- ✓ Not applicable, we have not identified any forced labour or child labour in our activities and supply chains.

**11.1 If yes, which remediation measures has the entity taken?**

- ✓ Not applicable.

**12. Please provide additional information on any measures the entity has taken to remediate any forced labour or child labour.**

- ✓ Not applicable.

**13. Has the entity taken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains?**

- ✓ No, we have not taken any remediation measures.

**14. Please provide additional information on any measures the entity has taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.**

- ✓ Not applicable.

**15. Does the entity currently provide training to employees on forced labour and/or child labour?**

- ✓ Yes.

**15.1 If yes, is the training mandatory?**

- ✓ Yes, the training is mandatory for employees making contracting and/or purchasing decisions.

**16. Please provide additional information on the training the entity provides to employees on forced labour and child labour.**

- ✓ Training to employees on forced labour and/or child labour was initiated in December 2023. To determine employees who require mandatory training, a review was completed in Q4 2023 of job descriptions for all employees working for CWSL or its subsidiaries in the United States or Argentina that are involved in contracting and/or purchasing decisions. A total of 152 employees were identified to complete modern slavery training online and, as of December 31, 2023, there was an 83% completion rate. As of the date hereof, the completion rate was 100%.

**17. Does the entity currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains?**

- ✓ Yes.

**17.1 If yes, what method does the entity use to assess its effectiveness?**

- ✓ Tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and anti-child labour clauses.

**18. Please provide additional information on how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains.**

- ✓ Calfrac is currently monitoring the following key performance indicators and as of the date hereof:
  - ✓ the completion rate of the employee training program launched in December 2023 is 100%;
  - ✓ the completion rate of the written compliance acknowledgements delivered to Level 3 and 4 suppliers is 88%; and
  - ✓ the number of allegations of forced labour or child labour being used in Calfrac's activities or supply chains submitted via the Whistleblower Hotline is 0.
- ✓ Calfrac is continuing to review its approach to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chain.