
WHISTLE BLOWING PROCEDURES POLICY

Global

Date: 11-2-2017



WHISTLE BLOWING PROCEDURES POLICY

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

1.0 Purpose

- 1.1** It is the responsibility of the Audit Committee (the "Audit Committee") of the Board of Directors of the Corporation ("Board") to ensure that Phoenix has established appropriate procedures for:
- i. the receipt, retention and treatment of complaints received by Phoenix regarding accounting, internal accounting controls or auditing matters; and
 - ii. the confidential, anonymous submission by employees of Phoenix of concerns regarding questionable accounting or auditing matters.
- 1.2** As a matter of sound corporate governance, these procedures are designed to provide a readily understood, prompt and effective means of addressing such complaints or concerns.

2.0 Definitions

- 2.1 "Anonymous"** means unknown authorship, and without designation that might lead to information about the authorship. Anonymity is not compromised by assignment of a code or other designation with which a person can communicate without revealing their identity.
- 2.2 "Complaint"** means any adverse information provided to Phoenix, whether in the form of a concern, a demand for remedial action, or a report of a suspected violation of law or Phoenix's policy, that relates to Phoenix's accounting, internal accounting controls, or auditing matters.
- 2.3 "Confidential"** means authorized for access by only those persons who have a need to know. A need to know normally arises from an obligation to investigate or to take remedial or disciplinary action.
- 2.4 "Whistle Blower Hotline"** means a telephone number or e-mail address for the Chair of the Audit Committee and the Lead Director made available for receiving Anonymous Complaints from any source. The Whistle Blower Hotline access numbers or e-mail addresses shall be posted on Phoenix's website(s).

3.0 Procedures

3.1 Submission and Receipt of Complaints

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

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

3.2 Retention of Records of Complaints

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

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

3.3 Treatment of Complaints

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

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including legal counsel or auditors other than Phoenix's external auditor for the purpose of investigating or remediating any Complaint.

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

Any effort to retaliate against any person making a Complaint in good faith is strictly prohibited and shall be reported immediately to the Audit Committee Chair. Any allegations regarding such retaliation will be investigated and dealt with in accordance with this policy.