



2021
ENVIRONMENT
SOCIAL &
GOVERNANCE
REPORT



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FORWARD-LOOKING INFORMATION ADVISORY

Certain statements contained in this report constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities legislation (collectively, “forward-looking statements”). These statements relate to management’s expectations about future events, results of operations and STEP’s future performance and business prospects.

All statements other than statements of historical fact are forward-looking statements. In particular, statements regarding anticipated efficiencies, potential reductions, projections, and the ability to support clients during an energy transition are forward-looking statements. The use of any of the words “anticipate”, “capable”, “continue”, “expected”, “forecast”, “predict”, “pursue”, “will” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. While we believe these forward-looking statements are reasonable, no assurance can be given that they will prove to be correct so they should not be unduly relied upon.

Additional information regarding forward-looking statements, risks, and risk factors can be found in STEP’s Annual Information Form dated March 16, 2022, and in STEP’s Management Discussion and Analysis for the three- and twelve-month periods ended December 31, 2021, which are both available under STEP’s profile on [SEDAR](#). The forward-looking statements included in this presentation are expressly qualified by the foregoing cautionary statements, and STEP does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.



LETTER FROM OUR CEO

I am very proud of the company we have created and grown over the last 11 years. With the publication of our first ESG report, my hope is that readers will see what makes STEP a different kind of energy services company, our professionals will more clearly understand our vision for the future, and our shareholders see proof of our commitment and performance. More than just communicating with our stakeholders, I see this report as a method for continual improvement and accountability.

It's not just our fleet of fit-for-purpose equipment, or the exceptional services we provide that set us apart. Since day one, we very intentionally built our company on four core values: safety, trust, execution, and possibilities. These values are the foundation of our people-focussed culture. Flawless execution requires a culture that prioritizes safety and the trust of our teams, clients and stakeholders. Along with an attitude that anything is possible, these values have lent themselves to continual innovation and a company that excels in execution.

Unfortunately, during 2021, we were not able to meet one of our core commitments to ensure our professionals get home safe. On October 6, 2021 I received the gut-wrenching news that one of our professionals lost his life in a motor vehicle accident while working. This is the first fatality in the company's 11 year history. As with many regrettable and tragic incidents, the chain of events that led to the incident was preventable. As a company, we certainly took the time to support the family and our professionals as well as understand the events and recalibrate our focus on our best practices, safety policies and procedures. For our professionals, this tragic incident will continue to provide pause and remind us that constant vigilance, coupled with careful scrutiny in how we approach jobs or tasks, is always essential. It's an alarming reminder for us to be Always Safe and Always Professional (ASAP).

In addition to providing a transparent look into our business accomplishments and strategies, this report is an important opportunity to broaden the ESG narrative in the energy services sector which often finds focus placed solely on greenhouse gas emissions. Business prosperity, employee engagement and protecting the environment are not mutually exclusive; we can preserve water, land, and ecosystems, protect the health and safety of our professionals, and facilitate an environment of learning and growth while balancing the pace of the energy transition with job creation and economic prosperity.

I look to the future of energy services with optimism. I believe that, with our knowledge and expertise, STEP will participate in the energy transition. We are serious about modernizing our asset base and transitioned an additional 10 percent of our fracturing fleet to dual-fuel despite the capital constraints of 2020 and 2021. Looking forward, we will continue to do what we do best. We are exploring emerging technologies that will be part of the future of energy. I am committed to the possibilities of the transition and encourage our teams to continue finding fit-for-purpose solutions to the technical challenges and pressures our clients and industry face.

Having grown up in rural Alberta, building community and inclusivity are powerful drivers for me. We founded STEP with the vision to create an environment where people feel connected to our company, our industry and, most importantly, to each other. Inclusivity took on a new meaning for me this year, as I saw the level of disconnection fueled by different views on issues related to the pandemic. I believe inclusivity means we shouldn't discount the views of those who think differently than us. My personal and corporate actions will continue to lead and build an inclusive community starting at STEP.



I want to thank everyone who contributed to the publication of this report, all of our professionals at STEP who work tirelessly to live our values, and to our shareholders and stakeholders for their continued trust.

Regan Davis
STEP Energy Services – CEO

ABOUT STEP ENERGY SERVICES

STEP is an energy services company that provides hydraulic fracturing, deep-capacity coiled tubing, and ancillary services. Our combination of modern equipment along with our commitment to safety and quality execution has differentiated STEP in plays where wells are deeper, have longer laterals and higher pressures. STEP has a high-performance safety-focused culture, and our experienced technical office and field professionals are committed to providing innovative, reliable, and cost-effective solutions to our oil and gas exploration and production clients. STEP is publicly traded on the Toronto Stock Exchange under the ticker symbol STEP.

Company or leadership changes in 2021:

- In February 2021, STEP opened a new service center in Windsor, Colorado.
- In November 2021, STEP reopened our Medicine Hat service center that we temporarily closed at the onset of the COVID-19 pandemic.
- Please read our [Annual Information Form](#) for changes in leadership during 2021.

1,175

professionals

2

head offices
(CA & U.S.)

9

service centers
strategically located in active North American basins

1

training center

\$536 million

in sales

3

service lines

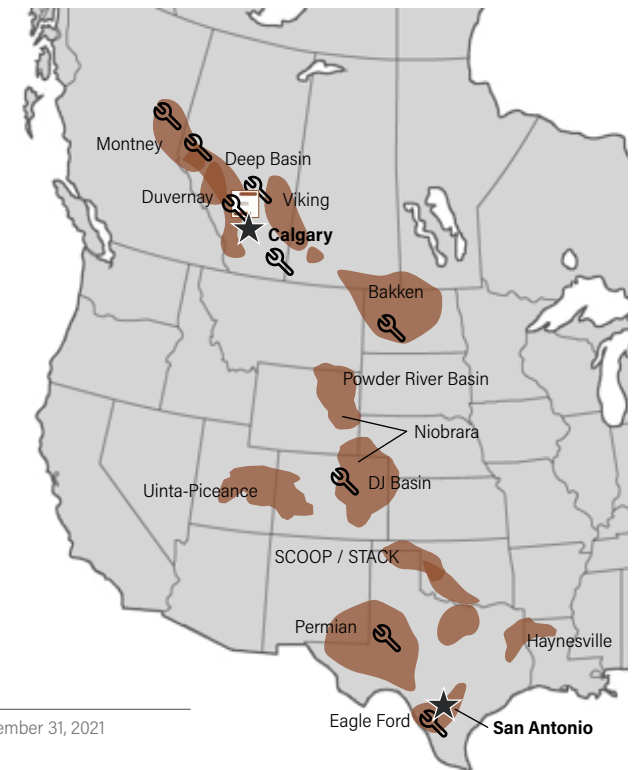
FRACTURING
490,000 HP*
of pressure pumping equipment

COIL TUBING
29
coil tubing units

ANCILLARY SERVICES
a fleet of fluid and nitrogen pumping equipment

37%**

dual-fuel equipment
can run on a mix of natural gas and diesel



Note: all figures as of December 31, 2021

* HP = horsepower

** based on total HP

WHAT WE DO

STEP's experienced professionals, highly specialized equipment, and industry-leading technologies help our clients develop oil and gas resources that would otherwise be technically or economically unfeasible.

THE LOGISTICS OF A JOB

A typical **fracturing** job requires:

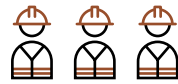
1-3
days to complete one well

A typical **coiled tubing** job requires:

1-3
days to complete the job

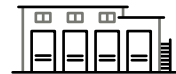
9
STEP service centers

26-36
STEP professionals



Client Wellsite

7-12
STEP professionals



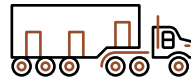
4-14
fracturing pumps



Our service centers provide equipment storage, chemical warehousing, maintenance space, and logistics planning space until our crews are ready for their next job.

3,700-50,000
liters of diesel/day (operations only)

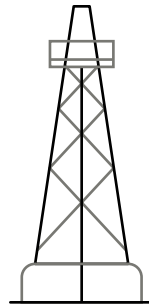
7-24
m³ of chemicals/well



300-4,700
tonnes of sand/well



2,000-6,000
meters total measured depth (TMD) of well



(on-site excluding pick-up trucks)

3-6
pieces of equipment



500-3,500
liters of diesel/day (operations only)

0-2
m³ of chemicals/well



2,500-8,000
meters average depth of well

Client provides

900-22,000
m³ of water/well



OUR SERVICES

HYDRAULIC FRACTURING

Hydraulic fracturing involves injecting a combination of fluids, chemicals and sand into a well at high rates and pressure to create a controlled fracture in tight rock formations, stimulating the flow of trapped hydrocarbons to increase the volume that can be recovered.

COILED TUBING

Coiled tubing refers to a continuous string of steel pipe – typically 1 to 3.25 inches (25 to 83 millimeters) in diameter and up to 8,300 meters (27,230 feet) – that is spooled on a large reel for use in a wide range of well intervention operations including milling plugs, annular fracturing, and workovers.

ANCILLARY SERVICES

Ancillary services primarily includes STEP's fluid and nitrogen pumping. These services support fracturing and coiled tubing operations as well as a variety of stand-alone well stimulation, industrial plant and pipeline service applications.

OUR APPROACH TO ESG

Our business has grown at a rapid pace since it was founded in 2011. We attribute this growth to our belief that our clients deserve accountability. That sense of accountability extends to our interactions with investors and stakeholders.

One of our strategic priorities is to drive ESG performance. We believe that conducting our operations in an environmentally and socially responsible manner helps us manage risks and take advantage of opportunities that enhance our resilience and contribute to the sustainability of our business.

By working with our professionals, clients, and suppliers, we aim to protect the health and safety of our team and the communities in which we work and continually improve our processes and equipment to reduce the environmental impact of our operations. We maintain a working environment that supports diversity and opportunity and create an accountability framework to measure and report our progress.

Our other two strategic priorities include investing in industry-leading technology and generating stakeholder returns. Read more about our investments in innovation on our [website](#) and about our track record of generating returns in our latest Management Discussion and Analysis (MD&A) on [SEDAR](#) under STEP's profile.



SUPPORTING THE ENERGY TRANSITION

Our goal is to deliver solutions that enable our clients to bring energy to market safely, efficiently, and economically. As society seeks lower-carbon energy sources, we intend to support our clients through this transition. Our actions are driven by three beliefs:

1

WE BELIEVE OUR EXPERTISE IS NEEDED NOW AND IN THE FUTURE.

We have a highly experienced team with a passion for innovation. For many years, our technical expertise and creative problem-solving skills have differentiated STEP in plays where wells are deeper, have longer laterals, and higher pressures. We will use that expertise to solve technical challenges for the industry as our sector forges new paths during the energy transition.

2

WE BELIEVE IN OUR ABILITY TO IMPROVE.

We know that continual improvement (making small changes where we can) and innovation (adopting next-generation technologies and processes) are what make us stand out. We apply this philosophy to ESG matters, too. We continually seek ways to reduce our environmental impacts and those of our clients.

3

WE BELIEVE BIG THINGS CAN HAPPEN WHEN WE WORK TOGETHER.

We started our company because we believed we could be the best at what we do. We have grown because we made it happen. In the same way, energy producers and services providers can work together to provide energy the world needs while meeting stringent environmental and social standards.



ABOUT THIS REPORT

Environmental, social, and governance (ESG) considerations have been part of STEP's values since the founding of our company, but this is our first ESG report. Our goal is to provide shareholders, clients, our professionals, and other stakeholders with information about our ESG strategies, activities, and performance.

DECIDING WHAT TO REPORT

In 2021, we conducted an internal materiality assessment to identify and prioritize our material ESG topics. In a sustainability context, material ESG topics are topics that can significantly impact our ability to create value and are of interest to our key stakeholders. Topics were sourced from the [Sustainability Accounting Standards Board \(SASB\) Oil & Gas – Services](#) standard, STEP's business model, and reviews of industry peers. Key stakeholder perspectives considered during the assessment included clients and shareholders. The results of the assessment were reviewed and approved by our executive team and material ESG topics have been covered in this report. We will continue to regularly review our material ESG topics to ensure they reflect stakeholder expectations and the changing business environment. Please note that materiality for this report is different than how we address materiality for disclosure requirements under securities laws.

RELEVANT TOPICS

ENVIRONMENT

- Fuel consumption and greenhouse gas (GHG) emissions
- Chemical management
- Spills
- Water handling
- Air quality
- Energy transition

SOCIAL

- Employee health and safety
- People practices
- Community relations and investment
- Indigenous relations and employment

GOVERNANCE

- Corporate governance
- Ethics
- Cybersecurity

REPORTING SCOPE

- Unless otherwise noted, this report covers quantitative and qualitative performance for the year ended December 31, 2021. When available, historical data is provided for the two previous years.
- This report covers ESG activities and data for our Canadian and U.S. operations. Exceptions are noted.
- Unless noted, data does not cover third-party service providers.
- Financial data is in Canadian dollars and environmental data is in metric units.
- The accuracy of this report is important to our company. Senior management and relevant subject matter experts within STEP have reviewed all information and believe it is an accurate representation of our performance. Third-party assurance of this report was not conducted.
- The terms STEP, our, we, us, the company and the corporation refer to STEP Energy Services Ltd.

ALIGNING WITH ESG REPORTING STANDARDS

We cross-referenced this disclosure to the SASB standard for Oil & Gas – Services, [page 33](#).

ENVIRONMENT

We leverage innovation and technology designed to improve our operational efficiencies, minimize the environmental impact of our activities, and support our clients' sustainability goals.

FUEL CONSUMPTION AND GHG EMISSIONS

At STEP, we implement solutions that mitigate our environmental impact and help our clients achieve their environmental goals without compromising the delivery of an exceptional client experience. As our clients' commitments to reduce GHG emissions and societal decarbonization goals are becoming more ambitious, we look for innovative ways to improve fuel efficiency and reduce associated emissions.

HOW WE GENERATE GHG EMISSIONS

Fuel consumption is the main source of GHG emissions associated with oilfield services. We consume fuel primarily in three ways. First, we consume electricity and natural gas for heating and cooling at our nine service centers where we perform maintenance activities, stage equipment, and coordinate the logistics of our operations. Second, our on-road equipment (tractor-trailers, pickup trucks, crew buses) consume diesel and gasoline as we transport our professionals and equipment to client sites. Finally, the equipment we use to execute our wellsite services (hydraulic fracturing, coiled tubing, and fluid and nitrogen pumping) consumes diesel or a combination of diesel and natural gas during operations.

Our clients provide most of the fuel for our wellsite activities (e.g., 70 to 90 percent of the fuel used for fracturing is provided by clients). This makes it challenging to accurately track and quantify the fuel and GHG emissions associated with our services. For many companies in our industry, the calculation of total emissions relies on accurate fuel consumption metrics as opposed to emissions monitoring. At this point, we assume that our activities at the wellsite account for the majority of our corporate GHG emissions, most of which are associated with fuel combustion from pump engines during fracturing operations.

SERVICE CENTERS, TRAINING CENTER & OFFICES

Our facilities use natural gas and electricity for heating, cooling and lighting. Electricity is sourced from the local grid.

9

service centers in Canada and U.S.

2

offices (Canada and U.S.)

1

training and development center (Canada)

~70,000 GJ

in electricity and natural gas consumed in 2021

ON-ROAD EQUIPMENT

Our fleet of tractor trailers, heavy-duty and light-duty trucks uses diesel and gasoline for transport and operations.

1,205

vehicles and on-road equipment

~460,000 GJ

of diesel and gasoline consumed in 2021

ACTIVITIES AT CLIENT WELLSITES

All our oilfield services equipment including fracturing pumps, blenders, hydration units, coiled tubing units, and fluid and nitrogen pumps consume either diesel or a combination of diesel and natural gas, except for our EPIC unit which is capable of being powered by electricity (details on [page 11](#)) and our dual-fuel fracturing pumps which can use both diesel and cleaner-burning natural gas (typically field gas from the job site or from a nearby facility).

1,597

pieces of off-road equipment (pumps, engines)

~4.4M GJ

of diesel and natural gas consumed in 2021

FUEL CONSUMPTION AND GHG EMISSIONS

HOW WE WORK TO REDUCE EMISSIONS

We work to increase fuel efficiency and reduce emissions in the following ways:

ON-ROAD EQUIPMENT

TELEMATICS

Telematics monitoring systems are installed in all light-duty vehicles and aid in improving driving behaviours that lead to efficient fuel consumption.

WELLSITE

DUAL-FUEL EQUIPMENT

We have a large fleet of dual-fuel pressure pumping equipment (47 percent of total horsepower in Canada and 24 percent in the U.S.)¹. These pumps provide clients with the option to replace a portion of their diesel fuel with cleaner-burning natural gas during operations (see sidebar for details). In addition, STEP recently outfitted 50,000 HP of our Tier 2 fleet with dual-fuel direct injection technology; third party (NATA accredited) testing results highlight a superior reduction of GHG emissions compared to fumigated gas delivery typical of most Tier 2 dual-fuel systems.

EPIC UNIT

Our Electric Powered Integrated Combo (EPIC) unit incorporates four pieces of equipment required for hydraulic fracturing (hydration, chemical storage, data van and blender capabilities) into a single electric powered unit. If the electricity is supplied by a diesel-driven auxiliary support trailer, EPIC's 4-in-1 approach decreases overall fuel consumption by maximizing motor efficiency through load and also reducing the number of trucks required on the road and at the jobsite. The unit is used as part of STEP-XPRS, our compact integrated fracturing and coiled tubing spread (see [page 12](#)) and decreases fuel consumption and associated emissions by up to 30 percent compared to a conventional fracturing services fleet.

IDLE REDUCTION CONTROL

Twelve percent of our active frac pumps in Canada have been upgraded with idle reduction kits that reduce idle time and associated fuel consumption. Upgrading is ongoing and we anticipate close to 20 percent of active pumps will have this technology by the end of 2022.

DRY AND CONCENTRATED CHEMICALS

Our chemical portfolio includes specialized dry chemicals that require less storage space and fewer trucks to transport to the client site. In 2021, we were able to avoid approximately 40 roundtrip truckloads to customer wellsites by using dry chemicals.



This custom mast unit is an essential part of the STEP-XPRS, our compact integrated fracturing and coiled tubing spread.

¹ Percentages based on total regional HP.

² Estimates based on hydraulic fracturing jobs ranging from 5,000 liters of diesel per day for shallow, lower-rate operations to 75,000 liters per day for operations in deep, high pressure, proppant-intensive operations.

THE MANY BENEFITS OF DUAL-FUEL

Fuel efficiency and environmental stewardship are part of efficient project execution. As clients pursue sustainability targets that span the lifecycle of their operations, we are finding ways to support them in pursuit of these goals.

We provide our clients with the option to displace a portion of their diesel consumption with natural gas using Tier 2 dual-fuel fracturing pumps. STEP consistently delivers industry-leading gas substitution and diesel displacement rates for Tier 2 dual-fuel assets, regularly achieving sustained substitution rates of 65% using proprietary operational procedures. Direct-injected assets deliver higher substitution rates.

Clients who choose to replace diesel with natural gas can realize the following benefits:

- Minimize the amount of diesel consumed during operations. This reduces the volume of diesel being transported to the client's jobsite and associated emissions and helps to reduce traffic on local roads.
- Lower overall fuel costs by approximately \$10,000 to \$30,000 per day per spread².
- Reduce flaring gas volumes by using field gas (also known as associated gas) to fuel dual-fuel engines.
- Reduce emissions associated with the displacement of diesel by using natural gas, a cleaner burning fuel source.

BY USING DUAL-FUEL EQUIPMENT, WE HELPED CLIENTS DISPLACE
~18.7 MILLION LITERS
 OF DIESEL WITH NATURAL GAS IN 2021.

INNOVATION SPOTLIGHT

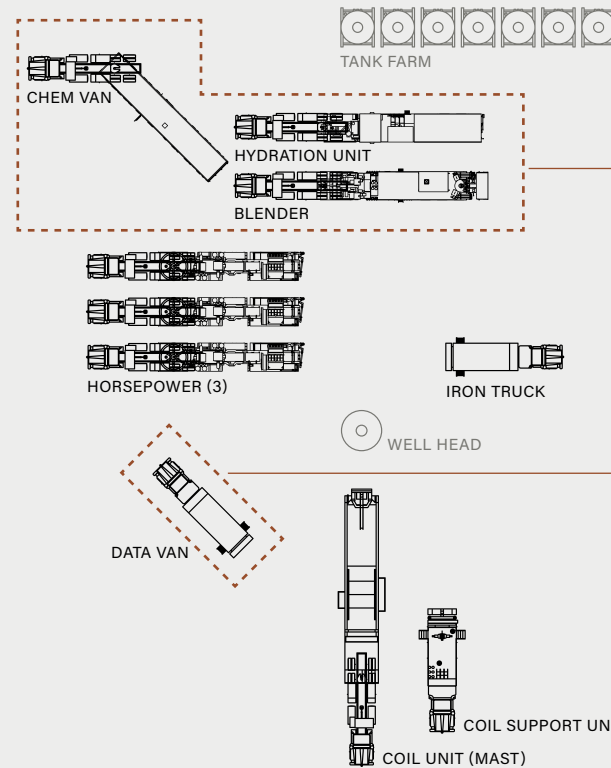
THE STEP-XPRS SPREAD

As operators continue to complete deeper and increasingly challenging wells, they rely on advanced technology and execution to improve the economics of their operations. STEP was built on innovation, and we continue to deliver solutions designed to improve our clients' ability to bring more energy to market safely and efficiently.

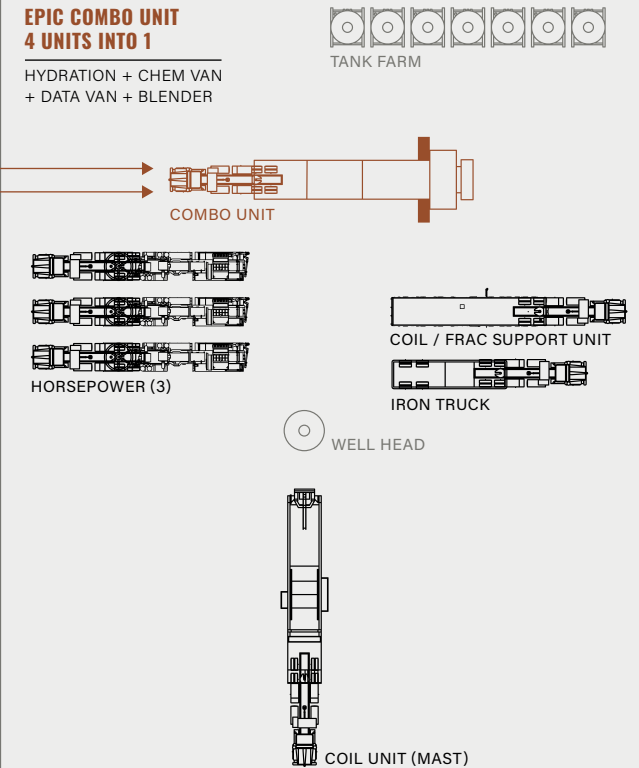
In 2018, we introduced the STEP-XPRS (XPRS), a compact equipment setup (or "spread") that integrates fracturing and coiled tubing capabilities. The XPRS combines our EPIC (Electric Powered Integrated Combo) unit with a coiled tubing unit, integrated iron and trailers. Our EPIC unit incorporates four pieces of equipment (hydration, chemical storage, data van and blender) into one unit.

The EPIC unit is electric driven and can be powered by grid electricity if the wellsite is connected to the grid or a mobile electric generator.

STANDARD SITE LAYOUT



STEP-XPRS SITE LAYOUT



ESG BENEFITS

The ESG benefits of XPRS compared to a standard spread are:

30%

less equipment, minimizing footprint and decreasing traffic to the site.

30%

fewer professionals on-site, reducing exposure to safety risks.

20%

less noise. Designed with sound mitigation in mind, the EPIC and accompanying support unit runs more quietly than conventional diesel assets.

30%

reduction of fuel consumption and associated emissions compared when using the EPIC compared to a conventional fleet of hydraulic fracturing equipment.



LEARN MORE IN THIS VIDEO

CHEMICAL MANAGEMENT

We are committed to the safe and responsible use of chemicals in our operations. STEP's chemical management practices focus on minimizing the impact on human health during storage, handling and use, and avoiding any interactions with the environment during operations.

As part of our engineering solutions for each job, we optimize the use of chemicals, minimizing and substituting additives while maximizing production and limiting adverse effects.

STORAGE

APPROVED STORAGE

Chemicals are stored in regulated plastic totes designed for the transport and storage of chemicals. These totes are approved by Transport Canada and the U.S. Department of Transportation (DOT).

CERTIFIED OPERATORS

Only certified forklift operators are allowed to transport and manage chemical product totes at our storage facilities.

TRANSPORTATION

SAFETY DATA SHEETS

All products are transported and stored with a safety data sheet (SDS) outlining potential hazards and safe handling methods.

WHMIS/HAZMAT – TDG/HAZWOP

All professionals and contractors who transport or handle hazardous materials have a valid Workplace Hazardous Materials Information System (WHMIS)/HAZMAT and/or Transportation of Dangerous Goods (TDG)/HAZWOP training certificate, as applicable.

SAFE HANDLING OF CHEMICALS

Our team of supply chain, technical, operations and safety leaders work to ensure that our portfolio of chemicals is managed safely and efficiently. Our processes include the following safeguards across the different stages of the chemical handling process.

JOBSITE

CHEMICAL AUDITS

Products are audited on-site to ensure they meet our rigorous technical criteria.

TRAINING

Professionals have appropriate personal protective equipment (PPE) and chemical handling training.

SITE PROCEDURES

Professionals must follow chemical handling procedures that align with the SDS.

AFTER THE JOB

RETURN OR RECYCLE

In Canada, used totes are either sent back to our provincially approved chemical handling station in Red Deer, to the vendor, or sent to a certified third party to recover any remaining product. Any required disposal of waste material is tracked and authorized at approved waste management facilities. In the U.S., our clients are typically responsible for chemical management, so tote return or recycling is handled independently of STEP.

WHAT'S IN "FRAC/FRACK FLUID"?

Generally speaking, fracturing fluid is 0.5 to 2 percent chemicals and 98 to 99.5 percent water and proppant. Fracturing fluid consists of three key elements: fluid, chemical and proppant.

FLUIDS

When pumped into a well at high pressures, fluids create fractures in the target reservoir rock that allow trapped hydrocarbons to flow. Fluids also carry proppant and chemical additives into the fracture (see below). The base of the fluid is typically water, either fresh or produced water (water from the formation that is produced to surface during a production operation and is then re-used by the pumping process to reduce or eliminate the need for additional fresh water).

CHEMICALS

Chemicals are added to fracturing fluid to reduce pipe friction (friction reducer), better suspend proppant in the fluid (thickener), discourage bacterial growth in fracturing fluid (antibacterial), and extend the life of metal pipes (anti-scale or anti-corrosion). Surfactants are used to ensure favorable fluid interaction, and breakers are used to reduce the viscosity of thick fracturing fluids to allow water to flow out and be recovered.

PROPPANT

Small particles (typically sand, but they can be man-made materials such as resins or ceramics) "prop" the fractures open so that hydrocarbons can flow easily once the fracturing fluid is removed.

CHEMICAL MANAGEMENT

We use specially designed chemical additives during fracturing and customize them for each site to meet our clients' needs. During the customization process, we consider several variables, including the quality of the water the client has made available (produced, fresh, etc.) and the geological conditions of the formation.

MOVING FROM LIQUID TO DRY CHEMICALS

Conventionally, fracturing chemicals have been in liquid form. Since 2017, we have made a concerted effort to increase our use of dry chemicals which have two key benefits. First, they require less volume to store and transport, reducing the number of trucks required to move chemicals. Second, in the unlikely event of a spill, solid chemicals do not disperse and can be cleaned up with reduced impact to soil or water.



REDUCING HARMFUL CHEMICALS

BTEX chemical compounds (benzene, toluene, ethylbenzene and xylene) are present in hydrocarbons used as fracturing fluid components. To protect the health of our professionals who work around these substances and reduce the risk of water contamination, we have been reducing our use of liquids that contain BTEX chemical compounds.

To meet Alberta Directive 83 regulations, which state that hydraulic fracturing operations must not have an adverse effect on a water well's water quality or quantity, we conduct micro-toxicity testing to validate that the proposed fluid system is non-toxic and will not negatively affect the quality or quantity of a non-saline aquifer. Typically, the casing and quality of cement used after the wellbore is drilled are the primary means of protection, but for shallow wells there may also be fluid requirements to ensure non-saline aquifers are protected.

In 2021, less than 0.5 percent of the hydraulic fracturing fluid we used was considered hazardous in the Globally Harmonized System of Classification and Labelling of Chemicals (GHS).

~40 TRUCKS REMOVED
FROM THE ROAD IN 2021
DUE TO USE OF DRY
CHEMICALS.

OUR PERFORMANCE

11.6 million

m³ of hydraulic fracturing fluid pumped in 2021

<0.5%

of hydraulic fracturing fluid considered hazardous according to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS)

DID YOU KNOW?

We disclose the composition of all hydraulic fracturing fluids we use to our clients in Alberta, British Columbia, and the U.S. Our clients often report this data through FracFocus, a database that consolidates information on the composition of hydraulic fracturing fluids and volumes used by all producers in the regions it covers. We ensure the accuracy and timeliness of submissions, and our clients upload the chemical disclosure data. All information is publicly available at [FracFocus.ca](https://www.fracfocus.ca) and [FracFocus.org](https://www.fracfocus.org).

100%

We disclose the composition of hydraulic fluid to 100% of our clients in jurisdictions that participate in FracFocus (in Canada and the U.S.)

SPILLS

Our business relies on the safe management of a variety of liquids, and we are committed to being vigilant and proactive in our approach to spill prevention and preparedness.

Whether we are providing services at client sites or conducting equipment maintenance, our activities present potential risks for spills. Spills may include liquids handled at the jobsite such as oil, produced water, and chemicals, as well as small volumes of oil, lubricant, or fuel from equipment while under repair or in operation. We have strict procedures to prevent spills across all areas of our business. In addition to specialized training for handling chemical additives (see [page 13](#)), our comprehensive spill prevention program includes:

PREVENTATIVE MAINTENANCE

To prevent mechanical failures that could lead to spills, our internal reliability specialists oversee our preventative maintenance program. Preventative maintenance helps to keep equipment running as intended. For our trailers, this means oil sampling and inspection after the first 250 hours of service, and then again after every 500 hours of service. Our truck engines and drivetrains undergo a Department of Transportation (DOT) inspection biannually in the U.S. and a commercial vehicle inspection program is performed bi-annually or annually as required in Canadian provinces. STEP is a certified and approved DOT commercial vehicle inspection and certification maintenance facility.

EQUIPMENT TESTING AND INSPECTION AT THE SITE

Many components of our fracturing and coiled tubing equipment are taken apart for transport and reassembled at the work site. To prevent connection failure in pipes or hoses that carry fluids, our professionals “walk the line” after reassembly, conducting a visual inspection before pressure testing to ensure all connections are sealed.



In recent years, we have incorporated the use of large-bore manifold systems, which reduce the potential for leaks or spills due to significantly fewer connection points (see [page 16](#) for details). In addition, during coiled tubing operations, a well control blowout preventer (BOP) unit is installed onto the wellhead and pressure tested after assembly to ensure they can safely maintain control of the wellbore fluids and pressures during operations. This equipment is critical to preventing environmental release or damage.

IMPACT MITIGATION

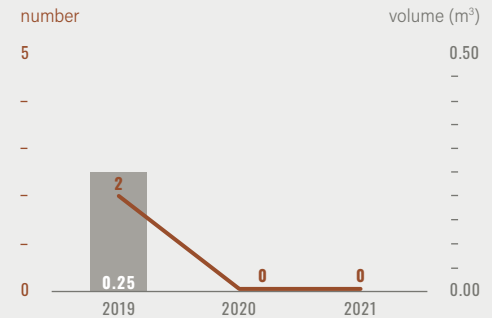
We record all spills and follow the reporting requirements of the relevant jurisdiction. Any spill that has the potential to impact the environment is investigated and corrective actions are established and tracked. Our field setup and service procedures include placing “catch trays” where leaks, spills or overflows could occur. If a spill occurs, we have spill clean-up kits and approved waste disposal procedures that our professionals must follow.

OUR PERFORMANCE

ZERO

reportable spills in 2020 and 2021

REPORTABLE SPILLS



We launched a program to identify where small spills were occurring in order to better prevent them. Having identified patterns, we made internal process changes that have resulted in zero reportable spills in 2020 and 2021.

INNOVATION SPOTLIGHT

LARGE-BORE MANIFOLD SYSTEMS

STEP leverages modern, highly specialized equipment and technology to optimize well stimulation and completion strategies.

Most multi-well pads use multiple segments of iron pipe to deliver enough fluid volume to fracture the formation. Our large-bore system simplifies fluid delivery in a wider-diameter metallic pipe with fewer connection points. The large-bore system is a transformative fracturing solution. It reduces the amount of iron required on location and replaces it with an efficient and reliable skid-mounted system.

This equipment delivers the following **ESG benefits**:

- Significantly reduces leak or spill potential with fewer connection points (from hundreds of connections to approximately 30)
- Improves operational efficiencies, reducing time on location and indirectly reducing fuel consumption and related emissions



CLIENT BENEFITS

On a recent client project involving two pads and 31 pumping days, STEP's large-bore system delivered:

50%

fewer iron connections, reducing potential leak sources and potential of injury during set-up and disassembly.

66%

reduction in iron restraints, providing fewer manual installation/removal hazards and safety hazard points.

30%

reduction in hoses and hose connections, reducing potential leak or failure points and manual handling risks.

50%

reduction of rig-in time, reducing worker fatigue, physical stress, and allowing for more maintenance time and safety preparation.

WATER HANDLING

We recognize that water is a vital and shared resource. At STEP, we are committed to offering innovative technological and operational solutions to help our clients reduce their use of water, particularly fresh water.

Hydraulic fracturing allows our clients to extract oil and gas that would otherwise be unrecoverable. Fracturing involves injecting water mixed with chemicals and sand into underground reservoirs at high pressure to assist with extracting oil and gas. The sand, or proppant, remains in the fracture and maintains pathways for the hydrocarbons to travel into the wellbore and ultimately to the surface.

Our clients procure, transport, store and dispose of water used for our services. Our interactions with water are limited to:

- Testing the water to determine what chemicals to use.
- Blending water with chemicals and proppant.
- Pumping frac fluid into the wellbore.

The fracturing process has conventionally used fresh water because chemical requirements for fresh water are generally much easier to optimize for performance and recovery. However, recent technological improvements in the industry and at STEP have increased the use of non-fresh or produced water during this process.

ENABLING CLIENT USE OF NON-FRESH WATER

To help our clients reduce their fresh water use, our chemical portfolio includes the following products:

- Brine-tolerant additives facilitate the use of produced water, which is saline, or other types of non-fresh water.
- High-viscosity friction reducers reduce the volume of water needed by increasing the concentration of proppant that can be pumped into the fracture.
- Nitrogen solutions provide an alternative to using 100 percent water as a fracturing medium in low-pressure formations.



EXPANDING NON-FRESH WATER OPTIONS FOR OUR CLIENTS

To support our clients in finding and using non-freshwater sources as fracturing fluid, we modified our processes/equipment to use greywater from municipal wastewater treatment plants.

Since 2017, we have completed five projects using grey water and estimate saving close to 600,000 m³ of fresh water, equivalent to 240 swimming pools.

From municipal greywater and agricultural runoff to brackish, saline, produced or flowback water, our engineering solutions provide clients with a host of options to source water for fracturing operations.

Our systems can accommodate water up to 250,000 total dissolved solids (TDS) parts per million (ppm). For context, wastewater effluent is around 2,000 TDS/PPM, the Pacific Ocean is around 33,000 TDS/PPM, and produced water can be in the range of 200,000 TDS/PPM.

100%

of STEP's fracturing fluid systems can use produced water and other types of non-fresh water

WE HANDLED MORE THAN **11 MILLION M³** OF WATER WITH ZERO RECORDABLE SPILLS IN 2021.

AIR QUALITY

Providing an exceptional client experience includes our commitment to protecting the health of our professionals and all individuals working at the client site, as well as working with our clients to reduce the environmental impact of oil and gas development.

Emissions sources from our activities that can impact air quality are on-road (tractor trailers, pickup trucks, crew buses) and off-road combustion engines (frac pumps, engines and other field equipment). Air quality is measured by the concentration of air pollutants, which include nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOCs), hazardous air pollutants (HAPs) and particulate matter (PM).

Air emissions directly impact local conditions and can intensify in areas of heavy industrial activity. We optimize our operational performance and aim to reduce air emissions associated with our equipment in the following ways:

DUAL-FUEL EQUIPMENT

Equipment that uses a larger proportion of natural gas instead of diesel emits less NOx, VOCs, and HAPs along with less particulate matter during combustion.

TIER 4 ENGINES

Tier 4 engines meet the strictest U.S. Environmental Protection Agency (EPA) emissions requirements for off-highway diesel engines, reducing up to 90 percent of NOx and PM emissions compared to Tier 2/Tier 3 standards. In the U.S., 39 percent of our pressure pumping fleet (measured in horsepower) meets Tier 4 requirements. In Canada, we introduced our first Tier 4 dual-fuel fracturing pump in 2021.

EFFICIENT SITE CONFIGURATION

Our STEP-XPRS spread reduces the pieces of equipment on site by 30 percent and incorporates the use of electric-powered assets, reducing the air emissions intensity of this spread.

DIESEL EXHAUST FLUID (DEF)

DEF is a non-hazardous solution made up of 32.5 percent urea and 67.5 percent de-ionized water. We spray DEF into the exhaust stream of diesel vehicles to break down dangerous NOx emissions into harmless nitrogen and water.

EQUIPMENT DESIGN

The STEP-designed B-train, a specialized proppant transport trailer, has the capacity to haul 45 tonnes of proppant versus 40 tonnes in a standard truckload. This eliminates up to 16 transport trucks on a 6,000 tonne well pad. We also use automated idle reduction technology on some of our equipment, decreasing the number of idle engine hours and reducing diesel consumption.



OUR PERFORMANCE

AT THE END OF 2021

39%

of our U.S. pressure pumping fleet³ meets Tier 4 regulations

37%

of our total pressure pumping fleet⁴ is dual-fuel [natural gas capable]

³ Percentage based on total U.S. HP

⁴ Percentage based on total HP

SOCIAL

We believe that being a different energy services company begins with the success of our people and the communities in which they live and work.



EMPLOYEE HEALTH AND SAFETY

Safety is our number one core value and the foundation of our culture. We work to reinforce Goal Zero – zero injuries or accidents – throughout our professionals' careers.

FOUNDATIONS FOR SAFETY

Our 1,175 professionals deliver unparalleled service at our offices, service centers and client sites. We prepare all our professionals to safely execute our services by providing:

ONBOARDING TRAINING FOCUSED ON SAFETY

Over the course of seven to 10 days, new hires are guided through our onboarding process, STEP Right In. This suite of instructor-led and e-learning programs covers topics ranging from our core values and safety-critical procedures to general safety awareness. For instance, operations professionals are required to complete 52 internal courses for core STEP topics and client-specific orientations prior to being approved for field access. Based on the competency assessment performed upon hire we also assign new professionals a peer mentor for three months or longer. We take this time to make sure professionals are equipped with the knowledge, skills, tools and support they need to safely perform their work at STEP. Our executives participate in the onboarding process, speaking to the new hires in person or virtually to reinforce the importance of safety to our organization.

CLEAR EXPECTATIONS AROUND SAFETY

Our safety culture is based on the belief that safety is something you practice every day, whether on-site or at home. See the [next page](#) for details.



838

professionals in the field, including equipment operators, operations managers or supervisors, shop foremen, and technicians who may be based in a service center

337

professionals in the office, including roles in IT, accounting, HR, logistics, and administration, based out of our corporate offices or service centers

FATIGUE MANAGEMENT

Just because fatigue and burnout are common in our industry, it does not make them acceptable.

We have a formal fatigue management policy as part of our HSE policy. To reduce the effects that physical, shift, and stressful work can have on our professionals, we:

- Conduct "fit for duty" assessments
- Require everyone to follow the 7 STEP Process that asks "Am I ready for this task?"
- Build in opportunities to check the well-being of team members through one-on-one interactions and informal conversations.

EMPLOYEE HEALTH AND SAFETY

The following elements underpin our approach:

GUIDANCE

Our practices are guided by our Health, Safety and Environment (HSE) management system, which complies with all applicable Canadian and U.S. laws and meets the standards of the occupational health and safety legislation for each state and province as well as client specific standards and requirements. In Canada, we maintain our Canadian Federation of Construction Safety Associations (CFCSA) Certificate of Recognition (COR®) each year following an independent third-party audit of our safety management system.

AWARENESS

To look for hazards that require action to eliminate or mitigate risk, we require daily walkarounds of the field, shop, and yard, and around equipment and trucks.

PROFESSIONALISM

We expect our professionals to act in ways that are “Always safe, always professional” (ASAP). A constant regard for personal safety, and the safety and well-being of those around us, is not something that any of us should turn on and off.

EMPOWERMENT

All of our professionals have stop work authority and are expected to stop work if a task is deemed unsafe, or if they are not sure if it is safe.

PREPARATION

Before completing any task, professionals must undertake our 7 STEP Process (described below). These seven important steps ensure a safe working environment before beginning any work. We remind our professionals that starting work is not the first step.

EMERGENCY PREPAREDNESS

We have emergency response protocols in place for all service centers. These protocols cover a wide range of potential events and include natural disasters such as lightning strikes, tornadoes or hurricanes, extreme snowfall or heat, and fire. Volunteer fire marshals at each center play a key role in the execution of these protocols. Additionally, we collaborate with our clients during pre-operations to review the procedures to follow at the wellsite should an emergency occur. We also conduct site-specific, designated emergency response drills on a quarterly basis (e.g., man-down, chemical incident, etc.). These quarterly drills are mandatory and take place in our facilities and yards, and at client worksites at times mutually agreed upon with our clients.

7 STEP PROCESS

1

PLAN

Review the written Standard Operating Procedure (SOP) or Job Safety Analysis (JSA) procedure for the work to be undertaken.

2

COMMUNICATION

Communicate with others involved in the work, using radio, hand signals, verbal, or line of sight tactics.

3

CHECK THE EQUIPMENT

Check whether the equipment is fit for purpose and meets the function, condition, testing and certification requirements for the job.

4

PREPARE THE AREA

Assess the area where the work is to take place.

5

CONTROL THE ENERGY

Stored energy (electrical, pressure, mechanical) is a significant hazard in the work we do. Professionals must identify the sources of energy before beginning any work, and then isolate the energy (e.g., lockout, tagout, pressure bleed off).

6

FINAL CHECK

Check with team members to confirm readiness. Communicate the approval to start work.

7

START THE WORK

Follow the plan and STEP policies and procedures. Be aware of changes in conditions or scope. Pause when needed. Intervene to stop unsafe work.

EMPLOYEE HEALTH AND SAFETY

SAFE DRIVING

We work hard to protect and maintain the health, safety and well-being of our professionals. In addition to the safety foundations applicable across STEP, we implement targeted safety practices that address site- or role-specific hazards.

In 2021, our professionals drove more than 22 million kilometers. We work with and transport specialized equipment, among the longest, heaviest and highest in the industry. To ensure our professionals and equipment get to and from our clients' sites safely, we do the following:

SCREENING AND TRAINING

Prospective drivers undergo extensive screening involving a pre-hire road test, a review of their one-year driving abstract, and a physical assessment that includes drug and alcohol screening. In Canada, we hire Class 5 (regular license) and Class 1 (commercial license) drivers. Class 5 drivers receive 106 hours of commercial driver training from certified instructors at our Red Deer training facility to prepare them for their Class 1 license. In the U.S., we hire drivers with a commercial driver's license. They receive Smith System defensive driving training, an internally administered program for fleet drivers aimed at promoting safe driving behaviours and preventing accidents. This training is compulsory for all professionals within the U.S. business unit who are driving a STEP-owned vehicle – whether commercial or light-duty – and requires recertification every two years.

JOURNEY MANAGEMENT

Drivers use a scoring system before every trip to assess whether they and their vehicle are safe to travel, including assessment of potential risks along their route. If the score falls within a certain range, the driver must discuss the trip with their supervisor before deciding whether to proceed. We document all discussions and decisions.

PRE-TRIP INSPECTION

All commercial and light duty vehicles require a pre-trip inspection. Drivers are required to examine the vehicle condition, safety equipment, and preparation for a trip. If minor in nature, deficiencies are immediately corrected or scheduled for follow-up and repair. If discrepancies fall into an "out of service" category, the unit cannot move until the maintenance department is contacted and the unit is repaired. All inspections and corrective actions are documented.

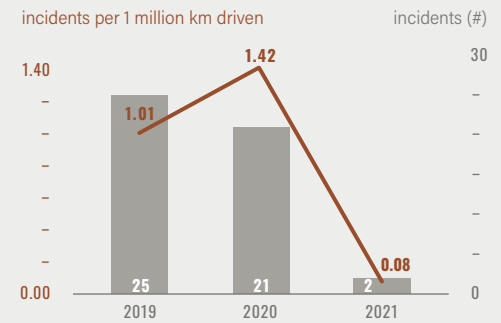
TECHNOLOGY

We equip our fleet with forward- and driver-facing dashcams as well as GPS and maintain digital driver logs that collect data to support safe driving habits and fuel efficiency.

In October 2021, despite our strong commitment to safety, one of our professionals lost his life in a motor vehicle accident while working. This is the first fatality in our company's history. Following the incident, our senior leaders held safety stand-down meetings which were attended by our office and field professionals in Canada and the U.S. We also reviewed our policies and procedures, and reinforced safe behaviours to learn from this tragic incident.

OUR PERFORMANCE

MOTOR VEHICLE INCIDENTS AND RATE



We have worked hard to reduce our motor vehicle incident rates in the last few years.

22 million

kilometers driven by our professionals in 2021

92%

reduction in vehicle incident rate from 2019 to 2021

DID YOU KNOW?

We are the only oilfield service company in Alberta that is a provincially licensed driving school. In 2021, 17 professionals received their Class 1 license at our Driver Training School in Red Deer, Alberta.

EMPLOYEE HEALTH AND SAFETY

SAFETY AT OUR SERVICE CENTER FACILITIES

Our robust maintenance program relies on the skills and professionalism of our service center technicians. The nature of their work with heavy machinery exposes them to potential risk of injury. We have clear safe work procedures and systems in place to help ensure our technicians can complete their tasks safely at work and return home. We maintain and monitor air quality within our repair and maintenance facilities including temperature-control with air exchange systems and exhaust gas ventilation systems for fumes produced during diagnostic equipment operating and testing. Our electrical and high-pressure air systems undergo routine inspections annually to ensure they are working effectively.



SAFETY AT THE JOBSITE

Jobsite terrain and conditions vary considerably. We equip our professionals with the equipment and procedures (see the 7 STEP table [page 21](#)) needed to safely execute complex projects in what can be extreme conditions. Additionally, we provide:

TRAINING

All of our professionals meet STEP, federal, provincial, industry, and client requirements before operating equipment or entering a jobsite. In addition to our onboarding program and driver training (described on [pages 17-19](#)), field professionals receive first aid and hydrogen sulfide (H₂S) training, WHMIS and Transportation of Dangerous Goods (TDG) training, hazardous materials (Hazmat) and hazardous waste (Hazwop) training, and equipment-specific "OEM" (original equipment manufacturer) operator training and emergency procedure use. Depending on the role, field professionals can also pursue operator specific training and certification in crane operation, man lift unit, and forklift, among others.

SAFETY BRIEFINGS AND FIT-FOR-DUTY ASSESSMENTS

Onsite professionals participate in daily safety briefings and drug and alcohol, psychosocial, and fatigue assessments at the beginning of every shift. Supervisors and peer workers engage with each other to assess fit for duty and discuss any issues that may affect the team's ability to safely perform its work. No one is permitted to continue working if they are not fit for duty.

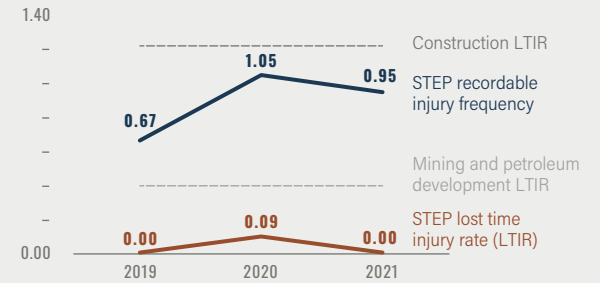
INCIDENT REVIEW

In the event of an incident or a near miss of any type, a written report is required. In addition, we send out a Hazard Alert bulletin or authorize a safety stand-down for all sites to review the incident and discuss what programs or procedures we have in place to prevent similar incidents in the future.

OUR PERFORMANCE

SAFETY RATES

incidents per 200,000 hours worked



Although our recordable injury frequency rate increased over the last few years, our lost time injury rates continue to be much lower than similar industries. 2019 industry data from [Government of Alberta](#). Data for 2020 and 2021 not available at the time of publication.

SILICA MANAGEMENT

We monitor our professionals' exposure levels to heat, cold, noise, radiation, and silica. The mineral silica, a basic component of sand, is a health hazard. In addition to the required use of personal protective equipment (PPE) for potentially exposed professionals, we have strict procedures for handling and loading sand (silica), as well as specialized equipment such as vacuum filtration, gravity systems, pneumatic systems and pressurized cabins. Keeping sand in enclosed containers or trailers also minimizes silica dust in the air. STEP adheres to all applicable regulations in the jurisdictions where we operate.

INNOVATION SPOTLIGHT

OUR CULTURE AND VALUES

From the beginning we wanted to build something different. We wanted to build a company that reflected what was important to us and the people we wanted to work with. A service-focused organization that would safely deliver unparalleled service and continually drive innovation. A workplace that felt more like a community.

We think we have done just that.

What sets us apart is the culture we have created, founded on four core values: Safety, Trust, Execution, Possibilities. By putting these values at the forefront, we have built a culture that attracts and retains the best our industry has to offer, because we believe our clients deserve nothing less.

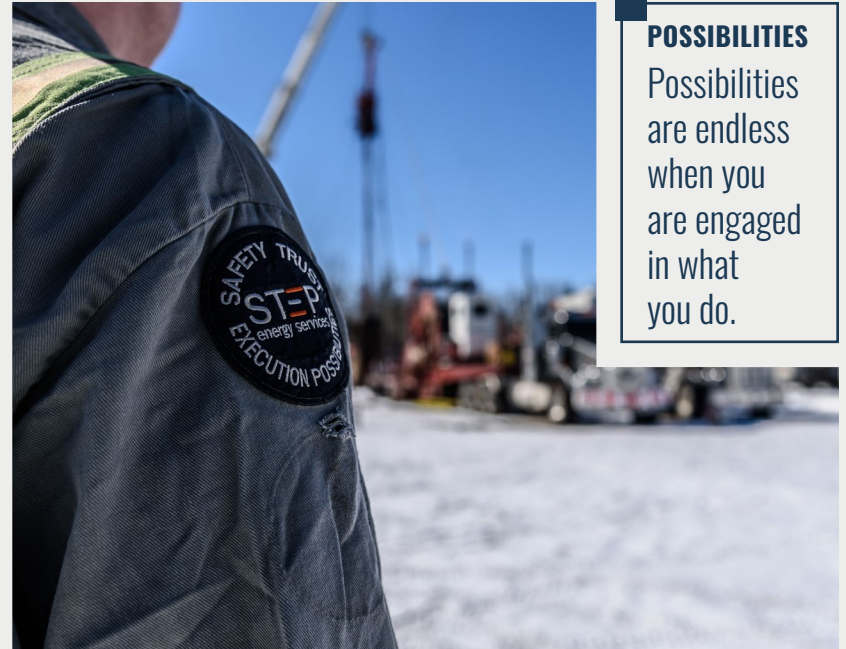
TRUST

Trust is something that is earned.



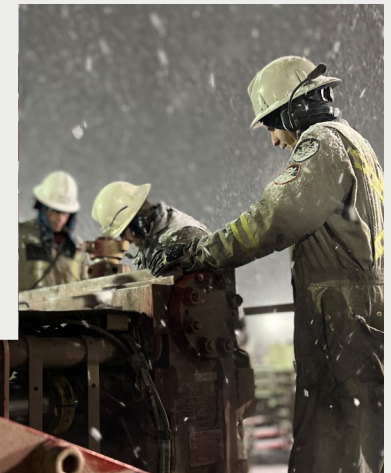
POSSIBILITIES

Possibilities are endless when you are engaged in what you do.



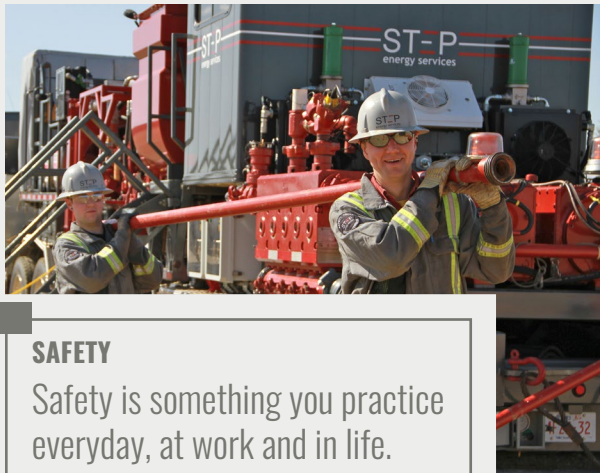
EXECUTION

Execution requires discipline and teamwork.



SAFETY

Safety is something you practice everyday, at work and in life.



PEOPLE PRACTICES

At STEP we use the word professional to describe all the people who work for our company. Because to us, that is what they are - professionals. We believe that every individual should have the opportunity and support to develop personally and in their career.

COMPETENCY ASSESSMENT AND DEVELOPMENT

Competent professionals are at the heart of our business. We assess field professionals' competencies at the time of hire, at six months and annually thereafter. For equipment operators, there are 16 different classifications, each specific to a piece of equipment. For each new level, our field professionals complete equipment-specific e-learning and demonstrate proficiency in general knowledge (OEM operating requirements, set-up, testing and maintenance requirements as well as emergency shut down procedures). We then provide hands-on training, coaching and certification (where applicable) to progress their expertise and fill knowledge gaps. Professionals are not allowed to operate equipment until they have been assessed and deemed competent to do so.

LEADERSHIP TRAINING

All leaders from field supervisors to senior executives are expected to participate in STEPPING Stones, our leadership training program. The two-year program consists of four six-month e-courses covering topics ranging from delegation to effective one-on-one conversations. Currently, 175 leaders are in their second year of the program, and 50 leaders are in their first year. STEP also provides one-on-one coaching for senior leaders through a third party leadership development organization.

EMPLOYEE ENGAGEMENT, DIVERSITY, AND INCLUSION

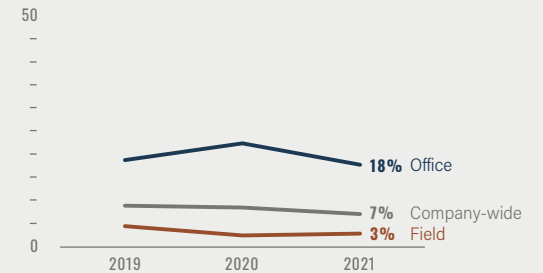
Without engaged and committed professionals, the best equipment in the world will be under-utilized. We work every day to exceed our professionals' expectations, starting with fostering a corporate culture that feels like a community. We are committed to a harassment-free workplace where all professionals are treated with respect and dignity. All professionals complete compulsory anti-harassment and anti-bullying online training during onboarding and every 18 months, in line with our Anti-Harassment, Discrimination and Violence Prevention Policy. Leaders complete unconscious bias training as part of their STEPPING Stones training.



OUR PERFORMANCE

GENDER DIVERSITY

percentage of women



The percentage of women across our company and in the field has remained relatively stable over the last few years. We strive for a workplace in which all individuals have the opportunity to succeed.

29,246

hours of training taken by STEP professionals in 2021

137

leaders have completed **unconscious bias** training as part of our leadership training

COMMUNITY RELATIONS AND INVESTMENT

Trust is not something our clients or shareholders owe us; it is something we have to earn. We are committed to safe and respectful operations that minimize our impact on communities near each jobsite.

Most of our interactions with communities happen while we are at a client's site or driving. Part of our onboarding process includes discussing expectations for professionals working in or near communities. Prior to starting a job, we meet with our clients to understand how we can help respect the community's needs (e.g., speed limits, no travel at school pick-up times) since they vary from site to site.

Some of our new fracturing technologies – dual-fuel equipment, dry chemicals, our STEP-XPRS spread including the EPIC unit – also minimize potential effects on nearby communities through equipment noise reduction technology and a reduction in the number of truckloads of equipment and supplies driving to and from the site along public access roads. For details on how STEP-XPRS significantly reduces transport requirements compared to a conventional fracturing spread and other benefits, see [page 12](#).

COMMUNITY SPONSORSHIP PROGRAM

We believe in giving back to our local communities through sponsorships and charitable donations. We enhance our impact by supporting causes in which our professionals are personally invested as a coach, committee member or volunteer, and that are aligned with the following priorities:

- Underprivileged families, women and children
- Industry-related not-for-profit organizations
- Safety, physical health and disaster relief
- Social, cultural and educational enrichment
- Organizations aligned with STEP's core values that promote safety, entrepreneurship, environmental stewardship, innovation or leadership.



GIVING BACK

\$600,000

Professionals double the impact of their financial contributions through matching donations from STEP. Together, we have donated \$600,000 since inception through our annual Christmas Spirit Campaign and charity golf tournament.

FIVE YEARS

STEP's five-year commitment to Red Deer Polytechnic [formerly Red Deer College] is reflective of our shared values of service, excellence, and promoting personal and professional growth. The partnership has contributed to the health and wellness of our local community and to the education and training of the industry's future professionals.

OUR DUAL-FUEL EQUIPMENT HELPED CLIENTS DISPLACE MILLIONS OF LITERS OF DIESEL WITH NATURAL GAS LAST YEAR, HELPING TO REMOVE **420 FUEL TRUCKS** FROM COMMUNITY ROADS IN 2021.

INDIGENOUS RELATIONS AND EMPLOYMENT

We are committed to collaboration with Indigenous communities in Canada to build and maintain mutually beneficial relationships based on transparency, trust, mutual respect and accountability.

Our Indigenous Engagement and Relations program is built on five pillars:

INDIGENOUS ENGAGEMENT AND RELATIONS PROGRAM

1 COMMUNITY INVESTMENT

2 CULTURAL AWARENESS

3 PROCUREMENT

4 EMPLOYMENT

5 BUSINESS DEVELOPMENT

We have focused our initial efforts on the first two pillars: community investment and cultural awareness.

INDIGENOUS COMMUNITY INVESTMENT

An important part of STEP's commitment to Indigenous communities in Canada involves working in collaboration with Indigenous peoples and other organizations to build and support capacity in local communities. STEP has entered into a multi-year partnership with the Impact Society ("Impact") to facilitate positive social impact in Canadian Indigenous communities through the expansion of Impact's Heroes are Warriors program. The goal of this program is to build mental wellness and emotional resiliency in Indigenous youth and families. The program has been shown to lead to increased personal confidence, decision-making skills, long-term purpose and an appreciation for culture. Ultimately, personal and community resilience are positively impacted, important factors in supporting economic reconciliation with Indigenous communities.

STEP engaged in our first **STEPs for Impact** fundraising activity in 2021, raising almost \$30,000 for the Impact Society. Professionals set physical activity goals and tracked their progress to raise funds, with all proceeds going to Impact's Heroes are Warriors program.

CULTURAL AWARENESS

STEP's cultural awareness program delivers an understanding of Indigenous cultures and how to build relationships and respectfully engage with Indigenous communities. The training started with our leadership team in 2021 with a workshop facilitated by a member of the Samson-Cree Nation. We intend to introduce an online learning module for all professionals.



In 2021, STEP's financial contribution to the Impact Society facilitated the launch of the "Heroes are Warriors" program delivered through Kapawe'no School educators in Grouard, Alberta to 50 junior and high-school students. Our 2021 investment has also helped Impact deliver the "Heroes Are Warriors" program for an additional 300 students in various Indigenous communities in Western Canada.

GOVERNANCE

Trust and integrity, coupled with robust ethical, legal, and regulatory standards, guide our relationships with stakeholders.

CORPORATE GOVERNANCE

We believe that a committed and experienced leadership team and sound governance are essential for our competitiveness and long-term sustainability.

BOARD STRUCTURE

Our Board of Directors ("Board") provides oversight through three Committees: Audit Committee; Health, Safety and Environment Committee; and Compensation and Corporate Governance ("C&CG") Committee. STEP's Board is responsible for understanding trends and regulations related to environmental, social, and governance matters. For more details on Board and committee responsibilities, see our [Management Information Circular](#).

BOARD DIVERSITY AND RENEWAL

STEP is committed to maintaining a qualified and knowledgeable team and considers a variety of diversity criteria in bringing expertise and perspectives to our company, including at the Board and executive levels. Diversity criteria include gender, age, ethnicity, business experience, professional expertise, personal skills, and stakeholder perspectives. STEP does not have a term limit or retirement policy for directors. The C&CG Committee seeks to maintain the composition of the Board in a way that provides an appropriate mix of skills and experience (see diagram at right) to provide prudent oversight of how we conduct our business.

AREA OF DIRECTOR SKILLS AND EXPERIENCE



EXECUTIVE COMPENSATION

Compensation plays an important role in achieving and optimizing short- and long-term business objectives that ultimately drive STEP's success. STEP executives' annual and long-term incentives are at risk based on corporate and share price performance. For example, executive compensation is tied, in part, to safety performance as well as financial performance relative to peers. See our [Management Information Circular](#) for details.

BOARD AND GOVERNANCE INFORMATION

SHAREHOLDER RIGHTS

Proxy Access	Yes
Say on Pay advisory Vote	No

SHAREHOLDING

Stock Ownership Guidelines for Directors	Yes
Stock Ownership Guidelines for Executive Officers	Yes

ETHICS

Code of Conduct for Directors, Officers and Employees	Yes
Policy on Share Trading and Hedging	Yes

BOARD COMPOSITION AND INDEPENDENCE

Size of Board	7
Number of Independent Directors	4
Separate Chair and CEO	Yes
Comprehensive board assessment process	Yes
Board Meetings Held in 2021	10
Average Meeting Attendance	100%

BOARD RENEWAL AND DIVERSITY

Annual Election of Directors	Yes
Majority Voting Policy	Yes
Mandatory Retirement Age	No
Average Director Tenure	7
Average Director Age	53
Women Board Members	29%
Board Diversity Policy	No

ETHICS

We follow robust ethical, legal and regulatory standards and our behaviours are guided by our policies and practices.

SETTING EXPECTATIONS

Our [Code of Business Conduct and Ethics](#) ("Code") outlines the ethical, legal and regulatory standards that are conditions of employment at STEP. Standards include conflict of interest, confidentiality, anti-corruption, equal opportunity, and anti-harassment. The Code is applicable to all directors, officers, professionals, consultants, and contractors.

MAINTAINING FOCUS

All professionals complete a 30-minute online ethics training module during onboarding in which they review STEP's culture, expectations, and core policies, including our Code, and formally sign off and agree to abide by these policies. Completion of the online ethics module and certification of compliance with the Code is an annual requirement for all professionals, including executive officers.

REPORTING CONCERNS

We encourage anyone with questions about ethics matters or who wishes to report an alleged violation of our Code to talk to STEP management or to report anonymously through STEP's third-party reporting service, [IntegrityCounts](#). STEP prohibits retaliatory action against anyone who, in good faith, reports a possible violation. We take all allegations seriously. All reports of Code violations are investigated and forwarded to management for follow-up and resolution in a timely manner.

CYBERSECURITY

We continually monitor potential cyberthreats to protect our digital assets and maintain the continuity of our business activities.

STEP depends on its information systems and computer-based programs to provide services to our clients. This includes well operations information, seismic data, electronic data processing and accounting data.

PROCESSES

Our cybersecurity system is aligned with the [National Institute of Standards and Technology Cybersecurity Framework](#) and includes people, process and technology elements. We use multiple layers of protection to keep our digital assets safe, from detecting and preventing intrusions of our servers to protecting individual devices and training our professionals. Data in-transit over the internet is secured using standardized encryption methods. In 2021 we:

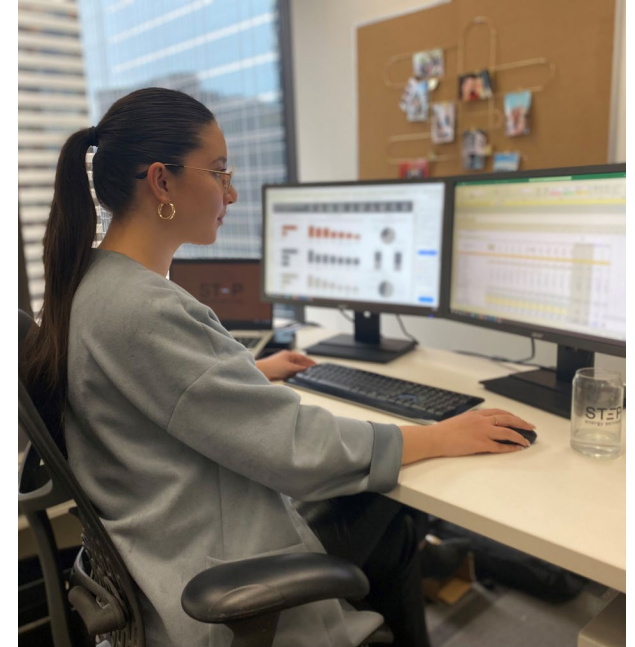
- Implemented multifactor authentication for all users
- Consulted select vendors about their cybersecurity practices to understand potential risk to our system
- Completed a disaster recovery desktop exercise to simulate loss of access to our financial system and verify the cloud backup process

TRAINING

Our onboarding process includes a 30-minute online module about cybersecurity. We also reinforce our professionals' cyber awareness through regular phishing tests and annual online training.

COMPLIANCE

We annually complete a third-party assessment of our cybersecurity system to ensure we have the necessary processes in place and identify areas for further improvement.



100% OF STEP
INFORMATION
TECHNOLOGY
(IT) USERS USE
**MULTIFACTOR
AUTHENTICATION.**

APPENDIX



PERFORMANCE TABLES

OPERATIONS	UNIT	2019	2020	2021
Number of service centers	number	NR	NR	9
Pressure equipment to support fracturing services	hp	NR	NR	490,000
Number of coil tubing units available	units	NR	NR	29
Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	percent	NR	NR	17%

ENVIRONMENT

FUEL CONSUMPTION

	UNIT	2019	2020	2021
Total fuel consumed	GJ	NR	NR	4,876,375
Fuel consumed by on-road vehicles and equipment	GJ	NR	NR	461,504
Fuel consumed by off-road equipment	GJ	NR	NR	4,414,871

SERVICE CENTERS

	UNIT	2019	2020	2021
Electricity consumed in service centers	GJ	NR	NR	10,692
Natural gas/heating consumed in service centers	GJ	NR	NR	62,811

WATER MANAGEMENT SERVICES

	UNIT	2019	2020	2021
Total volume of water handled in operations	m ³	9,669,000	8,225,000	11,621,000

CHEMICALS MANAGEMENT

	UNIT	2019	2020	2021
Volume of hydraulic fracturing fluid used	m ³	9,669,000	8,225,000	11,621,000
Percentage of hydraulic fracturing fluid considered hazardous according to the Global Harmonization System		0.21%	0.31%	0.38%

SPILLS

	UNIT	2019	2020	2021
Total spills	number	2	0	0
Total spills volume	m ³	0.25	0	0

SOCIAL

WORKFORCE HEALTH AND SAFETY

	UNIT	2019	2020	2021
Total number of hours worked by all employees	hours	3,875,680	2,080,669	2,920,972
Lost time injury rate – corporate	injuries per 200,000 hours worked	0.00	0.09	0.00

SOCIAL CONT'D

	UNIT	2019	2020	2021
Total recordable incident rate (TRIR) – corporate	injuries per 200,000 hours worked	0.67	1.05	0.95
Fatalities – employees and contractors ¹	number	0	0	0
Recordable vehicle incident rate ¹	incidents per million km	1.01	1.42	0.08
Km driven by employees	km	24,743,850	14,753,817	22,277,192

HUMAN RESOURCES

	UNIT	2019	2020	2021
Total number of employees	headcount	1,389	888	1,175
Employees – office	headcount	430	264	337
Employees – field	headcount	959	624	838
Turnover rate, voluntary	percent	28%	35%	35%

WOMEN IN THE WORKPLACE

	UNIT	2019	2020	2021
Women – office	percent	19%	22%	18%
Women – field	percent	4%	3%	3%
Women – total	percent	9%	8%	7%

TRAINING

	UNIT	2019	2020	2021
Total hours of training taken by employees	hours	NR	NR	29,246
Total hours of safety training taken by employees	hours	NR	NR	18,784
Average hours of health, safety, and emergency response training for (a) full-time employees	hours	NR	NR	31.5

GOVERNANCE

BUSINESS ETHICS AND PAYMENTS TRANSPARENCY

	UNIT	2019	2020	2021
Number of employees who completed ethics training	number	NR	NR	1,296
Number of employees who completed respectful workplace training	number	NR	NR	1,289
Number of leaders who completed unconscious bias training as part of Stepping Stones	number	NR	NR	137

NR – Not Reported

¹ In 2021, one of our professionals lost his life in a motor vehicle accident. In accordance with OSHA safety regulatory requirements, it is recorded as a motor vehicle accident and not as a work-related fatality.

SASB INDEX

These are the metrics and references to qualitative descriptions in this report that align with the Sustainability Accounting Standards Board standard for Oil & Gas – Services. The Sustainability Accounting Standards Board is an organization that developed of framework to help businesses around the world to identify, manage and communicate financially-material sustainability information to their shareholders and providers of capital.

SASB REF	SASB SUGGESTED DISCLOSURES	
EMISSIONS REDUCTION SERVICES & FUELS MANAGEMENT		
EM-SV-110a.1	Total fuel consumed (GJ)	4,569,093
EM-SV-110a.1	percentage renewable	0
EM-SV-110a.1	percentage used in on-road equipment and vehicles	10%
EM-SV-110a.1	percentage used in off-road equipment	90%
EM-SV-110a.2	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	page 18
EM-SV-110a.3	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	17%
WATER MANAGEMENT SERVICES		
EM-SV-140a.1	Total volume of fresh water handled in operations (m ³)	Not reported
EM-SV-140a.1	Percentage fresh water recycled	Not reported
CHEMICALS MANAGEMENT		
EM-SV-150a.1	Volume of hydraulic fracturing fluid used (m ³)	11,621
EM-SV-150a.1	Percentage of hydraulic fracturing fluid considered hazardous	0.38%
EM-SV-150a.2	Discussion of strategy or plans to address chemical-related risks, opportunities, and impacts	pages 13-14
ECOLOGICAL IMPACT MANAGEMENT		
EM-SV-160a.1	Average disturbed acreage per oil well site (acres)	Not applicable
EM-SV-160a.1	Average disturbed acreage per gas well site (acres)	Not applicable
EM-SV-160a.2	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities	page 15

SASB REF	SASB SUGGESTED DISCLOSURES	
WORKFORCE HEALTH AND SAFETY		
EM-SV-320a.1	Total recordable incident rate (TRIR)	0.95
EM-SV-320a.1	Fatality rate ²	0
EM-SV-320a.1	Near miss frequency rate (NMFR)	Not reported
EM-SV-320a.1	Total vehicle incident rate (TVIR) ²	0.08
EM-SV-320a.1	Average hours of health, safety, and emergency response training for (a) full-time employees	31.5
EM-SV-320a.1	Average hours of health, safety, and emergency response training for (b) contract employees	Not reported
EM-SV-320a.1	Average hours of health, safety, and emergency response training for (b) short-service employees	Not reported
EM-SV-320a.2	Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	pages 20-23
BUSINESS ETHICS AND PAYMENTS TRANSPARENCY		
EM-SV-510a.1	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0
EM-SV-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	page 30
MANAGEMENT OF THE LEGAL AND REGULATORY ENVIRONMENT		
EM-SV-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Not reported
CRITICAL INCIDENT RISK MANAGEMENT		
EM-SV-540a.1	Description of management systems used to identify and mitigate catastrophic and tail-end risks	page 21
ACTIVITY METRICS		
EM-SV-000.A	Number of active rig sites	Not applicable
EM-SV-000.B	Number of active well sites	Not applicable
EM-SV-000.C	Total amount of drilling performed (meters)	Not applicable
EM-SV-000.D	Total number of hours worked by all employees	2,920,972

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