



Notice of annual and special meeting of shareholders to be held on June 22, 2023

and

Management information circular dated April 20, 2023

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In this document:

- *you, your* and *shareholder* mean a holder of common shares of STEP Energy Services Ltd.
- *we, us, our, Company* and *STEP* mean STEP Energy Services Ltd.
- unless stated otherwise, *STEP shares, shares* and *common shares* mean common shares of STEP Energy Services Ltd.; which are traded on the Toronto Stock Exchange ("TSX") under the symbol "STEP"
- unless stated otherwise, all dollar amounts are in Canadian dollars, and
- unless stated otherwise, information in this document is as of April 20, 2023.

# LETTER TO SHAREHOLDERS

April 20, 2023

Dear Shareholder:

We are pleased to invite you to attend the annual and special meeting of common shareholders of STEP Energy Services Ltd. ("STEP" or the "Company") at 3 p.m. mountain daylight time on June 22, 2023 (the "Meeting").

The Company will once again utilize a virtual meeting for the 2023 Meeting and as such, shareholders will not be able to attend the Meeting in person. STEP continues to believe hosting a meeting in virtual only format is in the best interest of our stakeholders as Shareholders will have the opportunity to participate at the Meeting online regardless of their geographic location.

As shareholder engagement is important to STEP, all shareholders will have the opportunity to ask questions at the Meeting by asking them verbally through the virtual meeting platform or submitting them in writing. Shareholders may submit questions in advance of the Meeting by submitting them in writing along with the control number from their form of proxy or voting instruction form, to [investor\\_relations@step-es.com](mailto:investor_relations@step-es.com) by 3 p.m. mountain daylight time on June 20, 2023. Registered shareholders and duly appointed proxyholders will also be able to vote online, and ask questions during the virtual Meeting. If Management is unable to respond to a question at the Meeting, STEP will make available an audio recording of answers to questions after the Meeting through STEP's website at [www.stepenergyservices.com](http://www.stepenergyservices.com).

Shareholders are strongly encouraged to submit their proxies well in advance of the deadline indicated on their proxy or voting instruction form. Your attendance at the Meeting provides a chance to learn more about our performance in 2022 and our business strategy for the future. The attached management information circular ("Circular") contains important information about the Meeting and how to vote. Please read the document and then vote. If you are unable to attend the Meeting, we encourage you to vote by proxy. More information about STEP is available in the annual disclosure documents on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

This year our Board remains focused on managing through economic uncertainty, optimizing profitability, and continuing to strengthen the Company's balance sheet. The highest standards of corporate governance continue to remain a priority, including strategy and risk oversight.

Thank you for investing in STEP. We look forward to seeing you at the Meeting on June 22, 2023.

Sincerely,

SIGNED "Douglas C. Freel"

Douglas C. Freel  
CHAIR OF THE BOARD

SIGNED "Stephen Glanville"

Stephen Glanville  
DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER

# NOTICE OF 2023 ANNUAL AND SPECIAL MEETING

You are invited to our 2023 annual and special meeting of common shareholders (the "Meeting"):

**Meeting Date:** Thursday, June 22, 2023 at 3:00 p.m. mountain daylight time (MDT).

**Record Date:** May 3, 2023

Only shareholders of record as of the close of business on May 3, 2023

(the "Record Date") will receive notice of, and be entitled to participate and vote at, the Meeting.

## MEETING DETAILS:

**Virtual Meeting:** Virtual and audio only, via live webcast online at <https://virtual-meetings.tsxtrust.com/1483>

**Password:** step2023 (case sensitive)

The meeting will begin promptly at 3:00 p.m. (MDT)

## Items of Business:

At the Meeting, shareholders will be asked to:

1. receive our audited consolidated financial statements for the year ended December 31, 2022, together with the auditors' report thereon
2. fix the number of directors
3. elect the directors
4. appoint the auditors and authorize directors to set their compensation
5. approve STEP's option plan including amendments thereto and the issuance of unallocated options under such plan
6. approve STEP's performance and restricted share unit plan including amendments thereto and the issuance of unallocated units under such plan, and
7. consider other business that is properly brought before the Meeting or any meeting that is reconvened if the Meeting is adjourned.

Registered shareholders and duly appointed proxyholders who attend the Meeting online will have the opportunity to participate in the question and answer session and vote their shares online at the Meeting, provided that they follow the instructions in the accompanying management information circular ("Circular") and remain connected to the internet at all times during the Meeting. Non-registered (beneficial) shareholders who do not duly appoint themselves as their proxyholder in accordance with the instructions in the Circular and provided by their intermediary, will be able to participate as guests at the Meeting but will not be able to vote or ask questions. Guests will be able to listen to the proceedings of the Meeting but cannot vote or ask questions. Shareholders that usually vote by proxy ahead of the Meeting will be able to do so in the same manner as previous shareholder meetings. The Circular accompanying this Notice contains important instructions and details on how to participate at the Meeting and vote your shares by proxy or online during the Meeting. The specific details of the matters proposed to be put before the Meeting are also set forth in the Circular.

The notice of meeting and Circular dated April 20, 2023 in respect of the Meeting, and the annual financial statements for the year ended December 31, 2022 along with the related management discussion and analysis (collectively, the "Meeting Materials") have been posted and are available for review on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

STEP has elected to use the notice and access provisions under National Instrument 54-101, *Communications with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102, *Continuous Disclosure Obligations* to send the Meeting Materials to beneficial shareholders and registered shareholders. The notice and access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

Shareholders who wish to receive a paper copy of the Meeting Materials should contact our transfer agent, TSX Trust Company, at 416.361.0930 or toll free at 866.600.5869, or by sending an email at [tsxtis@tmx.com](mailto:tsxtis@tmx.com). Requests may be made up to one year from the date the Circular was filed on SEDAR. Requests by shareholders must be made to TSX Trust Company by 3 p.m. mountain daylight time, June 12, 2023 in order to receive a paper copy of the Meeting Materials before the Meeting on June 22, 2023. If you have questions about notice and access, please call our transfer agent, TSX Trust Company, at 416.361.0930 or toll free at 866.600.5869.

Please take some time to read the attached Circular. All shareholders are strongly encouraged to vote prior to the Meeting by any of the means described in the *Voting* section of the Circular. Shareholders are also encouraged to return their form of proxy or voting instruction form as soon as possible. As an alternative, shareholders may choose to vote by telephone or on the internet as provided for on the form of proxy or voting instruction form. In order to be valid and acted upon at the Meeting, the form of proxy or voting instruction form must be received no later than 3 p.m. mountain daylight time on June 20, 2023 or no later than 48 hours (excluding weekends and holidays) before the time set for any postponement or adjournment of the Meeting.

If a shareholder transfers any shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands, not less than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, such transferee shall be entitled to vote such shares at the Meeting.

By order of the Board of STEP Energy Services Ltd.,

SIGNED "Stephen Glanville"

Stephen Glanville  
DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER

April 20, 2023  
Calgary, Alberta

## ABOUT THE MEETING

The 2023 Meeting will be a virtual only format again this year, and as such shareholders will not be able to attend the Meeting in person. STEP continues to believe hosting a meeting in virtual only format is in the best interest of our stakeholders as Shareholders will have the opportunity to participate at the Meeting online regardless of their geographic location. Registered shareholders and duly appointed proxyholders who participate in the Meeting over the internet will have the opportunity to participate in the question and answer session and vote online at the Meeting.

Shareholders can vote online at the Meeting, or by proxy ahead of the Meeting through all of the voting channels that have been available for previous meetings. Non-registered (beneficial) shareholders who do not appoint themselves as their proxyholder will not be able to vote online at the Meeting, but will be able to attend the Meeting and observe proceedings as guests. Guests cannot vote or ask questions but will be able to listen to the proceedings of the Meeting. To vote online during the Meeting, see *Registered shareholder voting – Voting online during the Meeting* or *Non-registered (beneficial) shareholder voting – Voting online during the Meeting*, as applicable to you.

Attendees can login to the Meeting by following the instructions below:

- Login online at: <https://virtual-meetings.tsxtrust.com/1483>. STEP recommends that you log in at least 15 minutes before the Meeting starts.
- Click "Login" and then enter your 12-digit Control Number located on the form of proxy, and Password: "step2023" (case sensitive).

OR

- Click "Guest" and then complete the online form to access the Meeting.

If you attend the Meeting online, it is important to remain connected to the internet at all times in order to vote when balloting commences. It is your responsibility to ensure internet connectivity is maintained for the duration of the Meeting.

## DELIVERY OF MEETING MATERIALS

As of May 3, 2023, there were 71,617,464 STEP common shares ("shares") outstanding. If you were a shareholder of record of STEP as at the May 3, 2023 Record Date, you are entitled to receive notice of, attend and vote your shares online at the Meeting. If a shareholder transfers any shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands, not less than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, such transferee shall be entitled to vote such shares at the Meeting.

The items of business for the Meeting are discussed in the *Business of the meeting* section.

This solicitation is made on behalf of management of STEP. The costs incurred in the preparation and mailing of the proxy-related materials for the Meeting will be borne by STEP. We are sending the securityholder materials directly to registered shareholders and non-objecting beneficial shareholders, and we will also provide the materials to brokers, custodians, nominees and other fiduciaries to forward them to objecting beneficial shareholders. The solicitation of proxies will primarily be by mail, but proxies may also be solicited personally or by telephone, facsimile, or other electronic means by directors, officers, employees or agents of STEP, who will not be specifically remunerated therefor.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## Notice and access

We are using the notice and access provisions under National Instrument 54-101, *Communications with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102, *Continuous Disclosure Obligations* to deliver the Meeting materials, including this Circular and the annual financial statements for the year ended December 31, 2022 along with the related Meeting Materials, to our registered and beneficial shareholders. This means that STEP will post the Meeting Materials online for our shareholders to access electronically. You will receive a package in the mail with a notice ("Notice") explaining how to access and review the Meeting Materials electronically and how to request a paper copy free of charge. The package you receive will also contain a form of proxy or voting instruction form so you can vote your shares.

Since notice and access reduces printing, paper and postage, it is an environmentally friendly and cost-effective way to distribute the Meeting Materials to shareholders. The Meeting Materials are available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)).

Commencing May 15, 2023, shareholders can request a paper copy of the Meeting Materials, at no charge, for up to one year from the date this Circular was filed on SEDAR. Requests by shareholders must be made to TSX Trust Company in accordance with the Notice by 3 p.m. mountain daylight time, June 12, 2023 in order to receive a paper copy of the Meeting Materials before the Meeting on June 22, 2023. You will not receive a new form of proxy or voting instruction form if you request a paper copy of the Meeting Materials, so it is important that you keep the original form sent to you in order to vote.

If you have questions about notice and access, please call our transfer agent, TSX Trust Company, at 416.361.0930 or toll free at 866.600.5869.

## Quorum

The quorum for the transaction of business is two people holding, or representing by proxy, not less than 15% of shares entitled to vote at the Meeting.

## VOTING

Each share carries the right to one vote on any item of business that properly comes before the Meeting and any meeting that is reconvened if the Meeting is postponed or adjourned. Subject to our majority voting policy for director election (see the *About our governance philosophy and practices – Majority voting policy* section), we require a simple majority of votes at the Meeting (50% plus one) for all items to be approved by shareholders.

## REGISTERED SHAREHOLDER VOTING

You are a registered shareholder if your shares are registered in your name. Voting options for registered shareholders are outlined below.

### Voting online during the Meeting

If you plan to attend the Meeting and want to vote your shares online at the Meeting, do not complete or return the enclosed form of proxy. Your vote will be taken and counted at the Meeting by completing a ballot online during the Meeting. Please ensure you login to the Meeting using the following instructions:

- Login online at: <https://virtual-meetings.tsxtrust.com/1483>. STEP recommends that you log in at least 15 minutes before the Meeting starts.
- Click "Login" and then enter your 12-digit Control Number located on the form of proxy, and Password: "step2023" (case sensitive).

### Voting by proxy

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. To vote by proxy, use the form of proxy provided with the Notice. The people named in the form of proxy are directors or officers of STEP. **You have the right to appoint a person other than the persons designated in the form of proxy enclosed with the Notice mailed to you (who does not need to be a shareholder of STEP) to represent you online at the Meeting.** In order to appoint another person, insert that person's name in the blank space provided on the form of proxy, sign it, and deliver the completed form to STEP's transfer agent and registrar, TSX Trust Company. In order to participate in the Meeting, proxyholders MUST obtain a control number by emailing TSX Trust Company at [tsxtis@tmx.com](mailto:tsxtis@tmx.com), the "Request a Control Number" form, which can be found here: <https://tsxtrust.com/resource/en/75>. Requests for control numbers must be made at least 48 hours before the time of the Meeting. If a proxyholder does not obtain a control number, they will not be able to login and vote online during the Meeting.

If you specify how you want to vote on your form of proxy, your proxyholder must vote in accordance with such instructions. All shares represented at the Meeting by properly executed forms of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for. **In the absence of any instruction, the STEP appointees whose names appear on the form of proxy will vote your shares in favour of each of the matters to be acted on.** If you appoint another proxyholder and do not indicate how you want to vote, that proxyholder will decide how to vote your shares.

You may revoke your proxy at any time before it is acted on. To revoke your proxy, (i) deliver a written statement revoking your proxy to TSX Trust Company on or before June 20, 2023 (or the last business day before the Meeting if it is postponed or adjourned), (ii) deliver a written statement revoking your proxy to the chair of the Meeting, c/o Vice-President, Legal and General Counsel, STEP Energy Services Ltd., Bow Valley Square II, 1200, 205-5th Ave SW, Calgary, Alberta, T2P 2V7 on or before 3 p.m. mountain daylight time on June 22, 2023 (or the day of the Meeting if it is postponed or adjourned), or (iii) by voting online during the Meeting.

## Voting by mail, fax, or email

Fax your completed form of proxy to 416.595.9593, or scan and email to [tsxtis@tmx.com](mailto:tsxtis@tmx.com). Mail your completed form of proxy to TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1.

## Voting by internet

You may vote through the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com). Please follow the instructions carefully and ensure you have your proxy in hand as you will be required to enter the 12-digit control number located on your proxy no later than 3 p.m. mountain daylight time on June 20, 2023, or no later than 48 hours (excluding weekends and holidays) before the time set for any postponement or adjournment of the Meeting.

## NON-REGISTERED (BENEFICIAL) SHAREHOLDER VOTING

You are a non-registered shareholder if your bank, trust company, securities broker, trustee, or other financial institution (your nominee) holds your shares in their name or the name of another intermediary. Shares registered in the names of intermediaries can only be voted by those intermediaries at the direction of the beneficial shareholders who beneficially own the shares. Without specific instructions, intermediaries are prohibited from voting shares for an intermediary's clients. Therefore, beneficial shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person well in advance of the Meeting.

There are two kinds of beneficial shareholders: (i) objecting beneficial shareholders ("OBOs") – those who object to their name being made known to the issuers of shares which they own, and (ii) non-objecting beneficial shareholders ("NOBOs") – those who do not object to their name being made known to the issuers of the shares which they own.

Securities regulation requires brokers or agents to seek voting instructions from OBOs in advance of the Meeting. OBOs should be aware that brokers or agents can only vote shares if instructed to do so by the OBO. Your broker or agent will have provided you with a voting instruction form or form of proxy for the purpose of obtaining your voting instructions. Every broker has its own mailing procedures and provides instructions. You must follow those instructions carefully to ensure your shares are voted online at the Meeting.

**If you are an OBO receiving a voting instruction form or form of proxy from a broker or agent, you cannot use that form to vote online at the Meeting. To vote your shares at the Meeting, the voting instruction form or form of proxy must be returned as instructed by the broker well in advance of the meeting. If you wish to attend and vote your shares online at the Meeting or if you wish to revoke your voting instructions before they are acted on, follow the instructions for doing so provided by your broker or agent.**

NOBOs will receive a voting instruction form from our registrar and transfer agent, TSX Trust Company. This is to be completed and returned to TSX Trust Company as directed on the voting instruction form provided with the Notice. In addition, TSX Trust Company provides internet voting as described on the voting instruction form provided with the Notice.

## Voting online during the Meeting

If you plan to attend the Meeting and want to vote your shares online at the Meeting, insert your own name in the space on the voting instruction form or form of proxy provided with the Notice, sign it, and deliver the completed form in accordance with the instructions on such form. Your vote will be taken and counted at the Meeting, so do not indicate your votes on the form. In order to participate in the Meeting, proxyholders (including beneficial shareholders appointing themselves as proxyholder) MUST obtain a control number by emailing TSX Trust Company at [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com), the "Request a Control Number" form, which can be found here: <https://tsxtrust.com/resource/en/75>. Requests for control numbers must be made at least 48 hours before the time of the Meeting. If a proxyholder (including beneficial shareholders appointing themselves as proxyholder) does not obtain a control number, they will not be able to login and vote online during the Meeting.

## Voting by proxy

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. To vote by proxy, use the voting instruction form or form of proxy provided with the Notice. The people named in the voting instruction form or form of proxy are directors or officers of STEP. **You have the right to appoint a person other than the persons designated in the enclosed voting instruction form or form of proxy (who need not be a shareholder of STEP) to represent you online at the Meeting.** In order to appoint another person, insert that person's name in the blank space provided on the enclosed voting instruction form or form of proxy, sign it, and deliver the completed voting instruction form or form of proxy in accordance with the instructions on such form. In order to participate in the Meeting, proxyholders MUST obtain a control number by emailing TSX Trust Company at [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com), the "Request a Control Number" form, which can be found here: <https://tsxtrust.com/resource/en/75>. Requests for control numbers must be made at least 48 hours before the time of the Meeting. If a proxyholder does not obtain a control number, they will not be able to login and vote online during the Meeting. Your votes will only be counted if the person you appointed attends the Meeting and votes on your behalf.



If you have voted on the voting instruction form or form of proxy, you may (but are not obliged to) revoke any and all previously submitted proxies by completing an online ballot during the Meeting, so long as you have obtained a control number by emailing TSX Trust Company at [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com), the "Request a Control Number" form, which can be found here: <https://tsxtrust.com/resource/en/75>. Requests for control numbers must be made at least 48 hours before the time of the Meeting. You may also revoke your voting instructions before they are acted on by following the procedures provided in the voting instruction form or form of proxy.

If you specify how you want to vote on your voting information form or form of proxy, your proxyholder must vote in accordance with such instructions. All shares represented at the Meeting by properly executed voting instruction forms will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for. **In the absence of any instruction, the STEP appointees whose names appear on the voting instruction form or form of proxy will vote your shares in favour of each of the matters to be acted on.** If you appoint another proxyholder and do not indicate how you want to vote, that proxyholder will decide how to vote your shares.

### Voting by mail, fax, or email

If you are a NOBO and received the TSX Trust Company voting information form, fax your completed voting instruction form to 416.595.9593, or scan and email to [TMXEInvestorFServices@tmx.com](mailto:TMXEInvestorFServices@tmx.com). Mail your completed voting instruction form to TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1.

### Voting by internet

If you are a NOBO and received the TSX Trust Company voting information form, see the voting instruction form provided with the Notice for instruction.

## HOW VOTES ARE COUNTED

Our transfer agent, TSX Trust Company counts and tabulates the votes on our behalf to ensure the votes are kept confidential. They show us the ballot or proxy form if:

- it is required by law
- there is a proxy contest, or
- there are written comments on the proxy form.

## BUSINESS OF THE MEETING

The Meeting will cover the following items of business:

### 1. FINANCIAL STATEMENTS

Our 2022 annual audited consolidated financial statements and the auditors' report are available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)). The Notice you receive will explain how to access these documents electronically, and how to request a paper copy. No formal action will be taken at the Meeting to approve the annual consolidated financial statements, which have already been approved by the Board.

### 2. FIXING THE NUMBER OF DIRECTORS

You will vote on fixing the number of directors to be elected at the Meeting at seven. STEP's articles allow for a maximum of eleven directors. There are presently seven directors and it is proposed that seven directors be elected to the Board at the Meeting.

The Board recommends you vote **for** fixing the number of directors to be elected at the meeting at seven.

***RESOLVE to fix the number of directors to be elected at the Meeting at seven.***

### 3. DIRECTORS

You will vote on electing seven directors to the Board. The director profiles can be found in *The nominated directors* section and give important information about each nominated director, including his or her background, experience and memberships on other public company boards he or she serves on. All of the nominated directors currently serve on our Board, and we have included their 2022 meeting attendance, and the value of STEP shares or deferred share units ("DSUs") they currently hold. See the *About our governance philosophy and practices – Majority voting policy* section to learn more about our majority voting policy.

All proposed nominees have consented to stand for election or re-election, as applicable, and serve as directors if elected. Each elected director will hold office until the close of the next annual meeting of shareholders or until his or her successor is duly elected or appointed. The director nominees are:

1. Evelyn M. Angelle
2. Douglas C. Freel
3. Jeremy Gackle
4. Donna Garbutt
5. Stephen Glanville
6. James Harbilas
7. Jason Skehar

The Board recommends you vote **for** each of the nominated directors:

***RESOLVE to elect each of the directors listed in STEP's Circular dated April 20, 2023 to hold office until the next annual meeting of shareholders or until their successors are earlier elected or appointed.***

### 4. AUDITORS

You will vote on appointing the auditors of STEP and authorizing the directors to set the auditors' compensation. The auditors will hold office until the close of our next annual meeting of shareholders. The Board recommends that KPMG LLP ("KPMG") be appointed as auditors.

KPMG has been our external auditors since 2011, and KPMG has confirmed they are independent with respect to STEP within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. For details concerning fees paid to KPMG by STEP, see the *External audit service fees* section in our annual information form ("AIF") for the year ended December 31, 2022, which is available on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Board recommends you vote **for** appointing KPMG as our auditors to hold office until the close of our next annual meeting of shareholders:

***RESOLVE to appoint KPMG as auditors of STEP until the close of the next annual meeting of shareholders, and authorize the directors to fix their remuneration.***

## 5. OPTION PLAN

The Board initially approved STEP's stock option plan (the "Option Plan") on May 2, 2017. On May 7, 2020, the shareholders of STEP approved certain amendments to the Option Plan (the full text of which is attached as Schedule C to STEP's management information circular dated March 12, 2020), which were subsequently approved by the TSX. On May 10, 2023, the Board approved certain amendments to the Option Plan, subject to approval by the TSX, which includes the following updates:

- amendments to the definitions of Insider and Insider Participation Limit to conform with the TSX manual
- incorporating updates with respect to the designation of Non-Qualified Securities
- housekeeping changes to (i) phase out exclusions to Performance Warrants and the Prior Option Plan in the definition of security-based compensation, (ii) clarify the cashless exercise formula, (iii) clarify the date of Departure determination; and (iv) confirm limits of liability as between the Company and the Optionee, and
- amendments to the amending provisions to clarify which actions would require shareholder approval.

The amendments to the amending provisions of the Option Plan require approval of the shareholders of STEP, which approval is being sought at the Meeting. The other amendments do not require shareholder approval and have been approved by the Board.

Options, along with PRSUs (see agenda item 6 below) are an integral component of the Company's compensation program and a key part of our long-term incentive pay. Share-based compensation is a means to establish strong employee retention and greater direct alignment with the Company's corporate goals and shareholder objectives. The Company continued to carefully manage the burn rate and dilutive impact of these plans, balancing the equity cost of these plans with the cash cost of our cash-settled plans. The Board continues to prioritize ensuring all compensation plans adhere to governance best-practices and, at the same time, continue to be competitive to enable the Company to attract and retain top talent.

A detailed summary of the material terms of the Option Plan is set out under the *Compensation – Executive compensation discussion and analysis – Components and pay mix – Long-term incentive plan* section of this Circular. The summary information is qualified in its entirety by the full text of the Option Plan, attached as Schedule B. Refer to the full text of the Option Plan in Schedule B for definitions of certain terms used in the description of the Option Plan in this Circular.

Because the Option Plan provides that a fixed percentage of the issued and outstanding shares will be reserved for issuance thereunder rather than a fixed maximum number of shares issuable thereunder, the TSX requires a majority of the Board and the shareholders to approve and affirm the unallocated options under the Option Plan every three years. Board approval was obtained on May 10, 2023. If shareholder approval is obtained at the Meeting, STEP will not be required to seek further approval for the grant of unallocated options under the Option Plan until June 22, 2026. If the shareholder approval is not obtained at the Meeting, the Option Plan will be deemed to have expired on May 7, 2023 and options which have not been allocated as of May 7, 2023 and options which are outstanding as of May 7, 2023 and subsequently expire or are exercised, terminated or cancelled will not be available for a new grant of options. Regardless of whether or not this resolution is passed, all options granted and allocated prior to May 7, 2023 will continue to be unaffected by the approval of, or the failure to approve, the proposed resolution below.

Assuming shareholder approval of the Option Plan at the Meeting, the maximum number of shares that will be issuable under the Option Plan and all other security-based compensation arrangements, given that the reserve is 9.5 percent of the issued and outstanding shares, will be 6,803,659 shares, based on the number of shares issued and outstanding on May 3, 2023. As at May 3, 2023, STEP had outstanding 3,299,907 options, 2,753,658 restricted share units ("RSUs") and 369,239 performance share units ("PSUs") to acquire up to an aggregate of 6,422,804 shares under the Option Plan and the performance and restricted share unit plan ("PRSU Plan"), representing 9% of the issued and outstanding shares on May 3, 2023. Assuming shareholder approval of the Option Plan at the Meeting, up to 380,855 additional options could be issuable under the Option Plan, assuming no further issuances under the PRSU Plan as at May 3, 2023.

As at December 31, 2022 there were 3,100,076 outstanding options and 1,821,318 unvested PSUs and RSUs that are included in the definition of "Security Based Compensation Arrangement" under both of the company's current security-based plans. The option awards have a weighted average exercise price of \$1.80 and a weighted average remaining term of 2.48 years.

Assuming shareholder approval of the unallocated options is obtained at the Meeting, the actual number of options that will be granted or awarded under the Option Plan will be determined by the Board in its discretion on the recommendation of the Compensation and Corporate Governance ("C&CG") Committee, subject to the 9.5 percent of shares reserved for issuance limitation.

No changes are being made to the reserve limits, and as such, this is a normal reserve replenishment request and grants over the next three years are intended to be managed within this ongoing reserve. In other words, this request is in "normal course" and a continuation of the careful management of the Option Plan overtime.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution relating to the approval of all unallocated options under the Option Plan.

The Board recommends you vote **for** the following resolution:

***RESOLVE to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, (i) to approve the full text of the Option Plan which is set forth as Schedule B to STEP's Circular dated April 20, 2023 and, for greater certainty, approve the amendments to the amending provisions, (ii) to approve and authorize to be issued all unallocated options entitled to be granted pursuant to the Option Plan until June 22, 2026, and (iii) to authorize STEP's officers or directors to carry out the activities to execute the necessary documents or instruments for approval of the Option Plan.***

## 6. PRSU PLAN

The Board initially approved STEP's PRSU Plan on May 2, 2017. On May 7, 2020, the shareholders of STEP approved certain amendments to the PRSU Plan (the full text of which is attached as Schedule D to STEP's management information circular dated March 12, 2020), which were subsequently approved by the TSX. On May 10, 2023, the Board approved certain amendments to the PRSU Plan subject to approval by the TSX, which includes the following updates:

- amendments to the definitions of Insider and Insider Participation Limit to conform with the TSX manual
- incorporating updates with respect to the designation of Non-Qualified Securities
- housekeeping changes to (i) phase out exclusions to Performance Warrants and the Prior Option Plan in the definition of security-based compensation, (ii) clarify the date of Departure determination; and (iii) confirm limits of liability as between the Company and the Participant, and
- amendments to the amending provisions to clarify which actions would require shareholder approval, including:
  - any amendment to increase or remove insider participation limits; and
  - any amendment that would permit PSUs or RSUs to be transferable or assignable other than for normal estate settlement purposes.

The amendments to the amending provisions of the PRSU Plan require approval of the shareholders of STEP, which approval is being sought at the Meeting. The other amendments do not require shareholder approval and have been approved by the Board.

PRSUs, along with Options (see agenda item 5 above) are an integral component of the Company's compensation program and a key part of our long-term incentive pay. Share-based compensation is a means to establish strong employee retention and greater direct alignment with the Company's corporate goals and shareholder objectives. The Company continued to carefully manage the burn rate and dilutive impact of these plans, balancing the equity cost of these plans with the cash cost of our cash-settled plans. The Board continues to prioritize ensuring all compensation plans adhere to governance best-practices and, at the same time, continue to be competitive to enable the Company to attract and retain top talent.

A detailed summary of the material terms of the PRSU Plan is set out under the *Compensation – Executive compensation discussion and analysis – Components and pay mix – Long-term incentive plan* section of this Circular. The summary information is qualified in its entirety by the full text of the PRSU Plan, attached as Schedule C. Refer to the full text of the PRSU Plan in Schedule C for definitions of certain terms used in the description of the PRSU Plan in this Circular.

Because the PRSU Plan provides that a fixed percentage of the issued and outstanding shares will be reserved for issuance thereunder rather than a fixed maximum number of shares issuable thereunder, the TSX requires a majority of the Board and the shareholders to approve and affirm the unallocated entitlements under the PRSU Plan every three years. Board approval was obtained on May 10, 2023. If shareholder approval is obtained at the Meeting, STEP will not be required to seek further approval for the grant of unallocated entitlements under the PRSU Plan until June 22, 2026. If the shareholder approval is not obtained at the Meeting, the PRSU Plan will be deemed to have expired on May 7, 2023 and entitlements which have not been allocated as of May 7, 2023 and entitlements which are outstanding as of May 7, 2023 and subsequently expire or are exercised, terminated or cancelled will not be available for a new grant of entitlements. Regardless of whether or not this resolution is passed, all previously granted and allocated entitlements will continue to be unaffected by the approval of, or the failure to approve, the proposed resolution below.

Assuming shareholder approval of the PRSU Plan at the Meeting, the maximum number of shares that will be issuable under the PRSU Plan and all other security-based compensation arrangements, given that the reserve is 9.5 percent of the issued and outstanding shares, will be 6,803,659 shares, based on the number of shares issued and outstanding on May 3, 2023. As at May 3, 2023, STEP had outstanding 3,299,907 options, 2,753,658 RSUs and 369,239 PSUs to acquire up to an aggregate of 6,422,804 shares under the Option Plan and the PRSU Plan, representing 9% of the issued and outstanding shares on May 3, 2023. Assuming shareholder approval of the PRSU Plan at the Meeting and in accordance with the 5% sublimit for the PRSU Plan, up to 380,855 additional units could be issuable under the PRSU Plan, assuming no further issuances under the Option Plan as at May 3, 2023.

As at December 31, 2022 there were 3,100,076 outstanding options and 1,821,318 unvested PSUs and RSUs that are included in the definition of "Security Based Compensation Arrangement" under both of the Company's current security-based plans. The option awards have a weighted average exercise price of \$1.80 and a weighted average remaining term of 2.48 years.

Assuming shareholder approval of the unallocated entitlements is obtained at the Meeting, the actual number of PSUs and RSUs that will be granted or awarded under the PRSU Plan will be determined by the Board in its discretion and on the recommendation of the C&CG Committee, subject to the 9.5 percent of shares reserved for issuance limitation for all security-based compensation arrangements and 5 percent of shares reserved for issuance under the PRSU Plan limitations.

No changes are being made to the reserve limits, and as such, this is a normal reserve replenishment request and grants over the next three years are intended to be managed within this ongoing reserve. In other words, this request is in "normal course" and a continuation of the careful management of the PRSU Plan overtime.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution relating to the approval of all unallocated options under the PRSU Plan.

The Board recommends you vote **for** the following resolution:

***RESOLVE to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, (i) to approve the full text of the PRSU Plan which is set forth as Schedule C to STEP's Circular dated April, 2023 and, for greater certainty, approve the amendments to the amending provisions, (ii) to approve and authorize to be issued all unallocated entitlements to be granted pursuant to the PRSU Plan until June 22, 2026; and (iii) to authorize STEP's officers or directors to carry out the activities to execute the necessary documents or instruments for approval of the PRSU Plan.***

## **7. OTHER MATTERS**

As of the date of this Circular, STEP is not aware of any amendments or variations to the items of business or of any other matters that may properly come before the Meeting. If there are amendments or variations to the items of business or other matters that properly come before the Meeting, shareholders or their proxyholders have the discretionary authority to vote as they see fit.

## THE NOMINATED DIRECTORS

Our articles currently state that the Board must have a minimum of one and a maximum of eleven directors. It is proposed that seven directors will be elected this year. The Board believes that all of the nominated directors are well qualified to serve on the Board.



**Evelyn M. Angelle**  
Houston, Texas, U.S.  
Age: 55  
Director since: March 2019  
Independent

Ms. Angelle is an independent corporate director. She has been a director of Forum Energy Technologies, Inc. (NYSE: FET), a global oilfield products company, since February 2011, where she serves as the chairperson of the audit committee and is a member of the nominating, governance and sustainability committee. In May 2022, Ms. Angelle joined the board of managers of Amp Americas II Holdings LLC, a privately held renewable natural gas company, where she serves as chairperson of the audit committee. From November 2017 to the present, and from January 2015 to December 2016, Ms. Angelle has served as a private investor and philanthropist. Ms. Angelle served as executive vice-president and CFO of BJ Services Company LLC, a provider of North American land pressure pumping services, from January 2017 to November 2017. From January 2014 through January 2015, Ms. Angelle served as senior vice-president, supply chain for Halliburton Company, responsible for global procurement, materials, logistics and manufacturing. From April 2003 through December 2013, Ms. Angelle served in various finance and accounting roles for Halliburton, including senior vice-president and chief accounting officer, and vice-president of investor relations. Before joining Halliburton in April 2003, Ms. Angelle worked for 15 years in the audit department of Ernst & Young LLP, where she specialized in serving large, multinational public companies and provided technical accounting and consultation to clients and other professionals. She is a graduate of St. Mary's College (Notre Dame) and is a certified public accountant in Texas and a certified management accountant. She also holds a certificate in Cyber Security Oversight from Carnegie Mellon University. Ms. Angelle serves on various charitable organizations, including on the board of directors and on the executive committees of Junior Achievement of Southeast Texas and Junior Achievement USA. Ms. Angelle is a member of the National Association of Corporate Directors (NACD) distinguished Board Leadership Fellows and is NACD Directorship Certified™.

Board/Committee membership	2022 meeting attendance	Percentage of 2022 meetings attended
Board	7/7	100%
Audit Committee	4/4	100%
Overall attendance	11/11	100%
Securities held	April 20, 2023	
DSUs	453,717	
Performance warrants	—	
Prior options	—	
Shares	67,400	
Total value of equity holdings	\$1,709,264 <sup>(1)</sup>	
Meets minimum share ownership guidelines	Yes <sup>(2)</sup>	
Other public company boards and board committees	Forum Energy Technologies, Inc. (NYSE), Chair of the audit committee, and member of the nominating, governance and sustainability committee	
Annual general meeting voting results	Votes in favour	Votes withheld
2022	45,740,644 (99.992%)	3,510 (0.008%)

### Notes

- (1) Total value of equity holdings is calculated based on the closing share price on April 20, 2023 of \$3.28.
- (2) See the Director share ownership guidelines section to learn more about our share ownership guidelines for directors.



**Douglas Freel**  
 Calgary, Alberta, Canada  
 Age: 60  
 Director since: March 2011  
 Independent<sup>(1)</sup>

Mr. Freel is a Corporate Director. He was a managing director at ARC Financial Corp. from 2016 until his retirement on December 31, 2022. Mr. Freel joined ARC Financial Corp. in 1998, with over two decades of oilfield services industry experience in engineering and investment roles, including nine years with Schlumberger Ltd. In addition, Mr. Freel serves on the boards of various private companies. Mr. Freel received a Bachelor of Science in Engineering from Queen's University and a Master of Business Administration from the University of Toronto.

Board/Committee membership	2022 meeting attendance	Percentage of 2022 meetings attended
Board (Chair)	7/7	100%
Overall attendance	7/7	100%
Securities held	April 20, 2023	
DSUs	519,730 <sup>(2)</sup>	
Performance warrants	—	
Prior options	—	
Shares	—	
Total value of equity holdings	\$1,704,714 <sup>(3)</sup>	
Meets minimum share ownership guidelines	Yes <sup>(4)</sup>	
Other public company boards and board committees	—	
Annual general meeting voting results	Votes in favour	Votes withheld
2022	45,739,504 (99.990%)	4,650 (0.010%)

**Notes**

- (1) The Board has determined that Mr. Freel is independent within the meaning set out in NI 58-101, effective May 1, 2023, but is subject to a one-year cooling off period. Further information can be found in Governance – About our board – Board independence section.
- (2) Mr. Freel is a representative of the ARC Group pursuant to the Investment Rights Agreement and was employed by ARC Financial Corp. All director compensation attributed to Mr. Freel in this Circular for the year ending December 31, 2022 was for the benefit of the ARC Group, and DSUs granted to Mr. Freel were held for the benefit of the ARC Group. Effective May 1, 2023, Mr. Freel will be paid his director compensation directly. Further information can be found in Governance – About our board – Board independence section. The current number of shares held by ARC Energy Fund 6 and ARC Energy Fund 8, respectively, can be found in the Other Information – Controlling shareholder section. ARC Group, Investment Rights Agreement, ARC Energy Fund 6 and ARC Energy Fund 8 are defined in that section as well.
- (3) Total value of equity holdings is calculated based on the closing share price on April 20, 2023 of \$3.28.
- (4) See the Director share ownership guidelines section to learn more about our share ownership guidelines for directors.



**Jeremy Gackle**

Calgary, Alberta, Canada

Age: 41

Director since: March 2011

Non-Independent

Mr. Gackle is a managing director at ARC Financial Corp. and leads its oilfield service investment team. Since joining ARC Financial Corp. in 2004, Mr. Gackle's role has transitioned from analytical support roles to responsibilities ranging from deal origination and structuring to due diligence, execution, strategic development and investment monitoring. Mr. Gackle serves on the boards of various private energy service and manufacturing companies as well as KidSport Society of Calgary. He holds a Bachelor of Commerce in Finance from the University of Calgary (2005), is a Chartered Financial Analyst charter holder and is a certified director from the Institute of Corporate Directors.

Board/Committee membership	2022 meeting attendance	Percentage of 2022 meetings attended
Board	7/7	100%
C&CG Committee (Chair)	4/4	100%
Overall attendance	11/11	100%
Securities held	April 20, 2023	
DSUs	450,054 <sup>(1)</sup>	
Performance warrants	—	
Prior options	—	
Shares	—	
Total value of equity holdings	\$1,476,177 <sup>(2)</sup>	
Meets minimum share ownership guidelines	Yes <sup>(3)</sup>	
Other public company boards and board committees	—	
Annual general meeting voting results	Votes in favour	Votes withheld
2022	45,726,451 (99.961%)	17,703 (0.039%)

*Notes*

- (1) *Mr. Gackle is a representative of the ARC Group pursuant to the Investment Rights Agreement and is employed by ARC Financial Corp. All director compensation attributed to Mr. Gackle in this Circular is for the benefit of the ARC Group. DSUs granted to Mr. Gackle are held for the benefit of the ARC Group. The current number of shares held by ARC Energy Fund 6 and ARC Energy Fund 8, respectively, can be found in the Other Information – Controlling shareholder section. ARC Group, Investment Rights Agreement, ARC Energy Fund 6 and ARC Energy Fund 8 are defined in that section as well.*
- (2) *Total value of equity holdings is calculated based on the closing share price on April 20, 2023 of \$3.28.*
- (3) *See the Director share ownership guidelines section to learn more about our share ownership guidelines for directors.*





**Donna Garbutt**

Calgary, Alberta, Canada

Age: 62

Director since: April 2017  
Independent

Ms. Garbutt is a Corporate Director. She was the Senior Vice President, Oil & Gas/Commodities for Bureau Veritas in North America from March 2019 to June 2021, responsible for leadership for a range of service offerings that cover the full life cycle of both the oil and gas, and mining sectors. Ms. Garbutt previously served as the CEO of Maxxam Analytics Corp. (a Bureau Veritas Company) from November 2015 to March 2019. Prior to that, Ms. Garbutt spent over 20 years with Schlumberger Ltd., including as president of Schlumberger Canada. Earlier in her career, Ms. Garbutt held technology positions with several service firms, always with a focus on applied technology. She has over 30 years' experience in the oil and gas industry. Ms. Garbutt previously served as a member of the Government of Canada's Science, Technology and Innovation Council and on the board of directors of Petroleum Technology Alliance of Canada, Petroleum Services Association of Canada, C.E. Franklin and Absolute Completions. Ms. Garbutt holds a Master of Business Administration from Athabasca University.

Board/Committee membership	2022 meeting attendance	Percentage of 2022 meetings attended
Board (Lead Director) <sup>(1)</sup>	7/7	100%
HSE Committee (Chair)	3/3	100%
Overall attendance	10/10	100%
Securities held	April 20, 2023	
DSUs	423,807	
Performance warrants	—	
Prior options	—	
Shares	—	
Total value of equity holdings	\$1,390,086 <sup>(2)</sup>	
Meets minimum share ownership guidelines	Yes <sup>(3)</sup>	
Other public company boards and board committees	—	
Annual general meeting voting results	Votes in favour	Votes withheld
2022	45,740,644 (99.992%)	3,510 (0.008%)

*Notes*

- (1) Ms. Garbutt has been the Lead Director since October 1, 2018. To learn more about the Lead Director position, refer to the Chair independence and lead director section below.
- (2) Total value of equity holdings is calculated based on the closing share price on April 20, 2023 of \$3.28.
- (3) See the Director share ownership guidelines section to learn more about our share ownership guidelines for directors.



**Stephen Glanville**

Calgary, Alberta, Canada

Age: 51

Director since: October 1, 2022

Non-independent

Mr. Glanville has served as STEP's president and CEO since October 1, 2022. Since the Company's inception in March 2011, he held the role of COO and was appointed president in July 2021. Mr. Glanville is a co-founder of STEP and is a certified engineering technologist with 30 years of oilfield experience. Mr. Glanville's background includes 10 years with Schlumberger Limited working with the company's North American oilfield services divisions, and seven years with Sanjel managing the Canadian coiled tubing and nitrogen business unit. Most recently, he spent two years with Calfrac as manager of the Canadian coiled tubing division. Mr. Glanville currently sits on the board of the Enserva Association ("Enserva") and serves as a director of Enserva's Stars and Spurs Gala in support of STARS Air Ambulance. He is a former president of Intervention & Coiled Tubing Association Canadian Chapter. Mr. Glanville received his diploma from the Southern Alberta Institute of Technology.

Board/Committee membership	2022 meeting attendance	Percentage of 2022 meetings attended
Board <sup>(1)</sup>	2/2	100%
Health, Safety and Environment ("HSE Committee") <sup>(1)</sup> Overall attendance	1/1 3/3	100% 100%
Securities held	April 20, 2023	
PSUs	184,164 <sup>(2)</sup>	
RSUs	198,427	
Performance warrants	—	
Prior options	—	
Options	614,747	
Shares	176,698	
Total value of equity holdings	\$2,871,059 <sup>(3)</sup>	
Meets minimum share ownership guidelines	Yes <sup>(4)</sup>	
Other public company boards and board committees	—	
Annual general meeting voting results	Votes in favour	Votes withheld
2022 <sup>(1)</sup>	N/A	N/A

**Notes**

- (1) Effective October 1, 2022, following Mr. Davis' retirement from STEP, Mr. Glanville joined the Board as an executive director and became a member of the HSE Committee.
- (2) The number of PSUs shown as of April 20, 2023 assumes a multiplier of 1.0x on a possible performance multiplier range of 0.0 to 2.0x, where the performance multiplier has not yet been determined. The PSUs held at April 20, 2023 include (i) 97,200 units vesting on May 28, 2023, (ii) 25,019 units vesting on May 19, 2025 and (iii) 61,945 units vesting on March 10, 2026. Refer to the Components and pay mix - long-term incentive plan section below for details.
- (3) Total value of equity holdings is calculated based on the closing share price on April 20, 2023 of \$3.28.
- (4) See the Executive share ownership guidelines section to learn more about our share ownership guidelines for executives.



**James Harbilas**

Cochrane, Alberta,  
Canada

Age: 53

Director since: April  
2017

Independent

Mr. Harbilas is the Executive Vice-President and CFO at AltaGas Ltd. ("AltaGas") (energy infrastructure) since June 2019 and is responsible for AltaGas' finance, treasury, corporate development and capital market functions. Prior to joining AltaGas, Mr. Harbilas was the Executive Vice-President and CFO at Enerflex Ltd. ("Enerflex") and its predecessor (oil and gas) from 2007 to May 2019, responsible for overseeing and providing leadership and all financial affairs, reporting and corporate governance of Enerflex. Prior to joining Enerflex, Mr. Harbilas was Vice-President, Finance and CFO of Fortis Alberta Inc. (utilities). Previously, he held senior positions in various financial capacities at SNC-Lavalin Group (engineering and construction) and AltaLink Management Ltd. (utilities). Mr. Harbilas holds a Bachelor of Commerce and graduate diploma in accounting from Concordia University (1996). He is a chartered accountant and a member of the Institute of Chartered Accountants of Alberta, the Ordre des comptables agréés du Québec and Financial Executive Institute.

Board/Committee membership	2022 meeting attendance	Percentage of 2022 meetings attended
Board	5/7	75%
Audit Committee (Chair)	3/4	75%
C&CG Committee	3/4	75%
Overall attendance	11/15	73%
Securities held	April 20, 2023	
DSUs	375,561	
Performance warrants	—	
Prior options	—	
Shares	46,000	
Total value of equity holdings	\$1,382,719 <sup>(1)</sup>	
Meets minimum share ownership guidelines	Yes <sup>(2)</sup>	
Other public company boards and board committees	—	
Annual general meeting voting results	Votes in favour	Votes withheld
2022	45,736,654 (99.984%)	7,500 (0.016%)

*Notes*

(1) Total value of equity holdings is calculated based on the closing share price on April 20, 2023 of \$3.28.

(2) See the Director share ownership guidelines section to learn more about our share ownership guidelines for directors.



**Jason Skehar**  
 Chestermere, Alberta,  
 Canada  
 Age: 50  
 Director since: June  
 2012  
 Independent

Mr. Skehar joined Lucero Energy Corporation (formerly PetroShale Inc., oil and gas) as COO pursuant to the recapitalization of the organization in January 2022, and his responsibilities include oversight of capital deployment in connection with drilling, completions, facilities and infrastructure; the operations, engineering, and geotechnical department, Health, Safety, and Environment, as well as field operations and production management. He has almost 30 years of oil and gas experience in leadership and operational roles most recently as president and CEO of Bonavista Energy Corporation ("**Bonavista**") (oil and gas) which he held between December 2012 to October 2020. Mr. Skehar joined Bonavista in November 1999 as a production engineer and was promoted to the position of president and COO in November 2008. He started his career in 1994 as an operations engineer at Fletcher Challenge Energy Ltd. (oil and gas) and, prior to joining Bonavista, held both production and exploration positions at Renaissance Energy Ltd. (oil and gas) and Probe Exploration Inc. (oil and gas). Mr. Skehar graduated from the University of Saskatchewan (1994) with a Bachelor of Science in Mechanical Engineering. Mr. Skehar served as a director of Bonavista from December 2012 to October 2020, and currently serves on the board of trustees with the Engineering Advancement Trust, College of Engineering at the University of Saskatchewan.

Board/Committee membership	2022 Meeting Attendance	Percentage of 2022 meetings attended
Board	7/7	100%
Audit Committee <sup>(1)</sup>	4/4	100%
HSE Committee	3/3	100%
C&CG Committee	4/4	100%
Overall attendance	18/18	100%
Securities held	April 20, 2023	
DSUs	397,309	
Performance warrants	—	
Prior options	—	
Shares	—	
Total value of equity holdings	\$1,303,172 <sup>(1)</sup>	
Meets minimum share ownership guidelines	Yes <sup>(2)</sup>	
Other public company boards and board committees	—	
Annual general meeting voting results	Votes in favour	Votes withheld
2022	45,736,504 (99.983%)	7,650 (0.017%)

*Notes*

- (1) Total value of equity holdings is calculated based on the closing share price on April 20, 2023 of \$3.28.  
 (2) See the Director share ownership guidelines section to learn more about our share ownership guidelines for directors.

# GOVERNANCE

## OVERVIEW OF OUR CORPORATE GOVERNANCE

Our Board is responsible for the supervision of STEP's executive team and stewardship of STEP. As a public company listed on the TSX, our corporate governance practices comply with the Canadian governance guidelines, which include the governance rules of the TSX and Canadian Securities Administrators ("CSA"):

- National Instrument 52-110, *Audit Committees* ("NI 52-110")
- National Instrument 58-101, *Disclosure of Corporate Governance Practices* ("NI 58-101"), and
- National Policy 58-201, *Corporate Governance Guidelines*.

Our Board and executive team are committed to the highest standards of ethical conduct and corporate governance. The C&CG Committee is responsible for oversight of STEP's corporate governance policies, programs and practices. More specifically, the C&CG Committee:

- facilitates the independent functioning of the Board
- seeks to maintain an effective relationship between the Board and executive team of STEP
- annually reviews the mandates of the Board and its committees, the position descriptions for the Chair of the Board and the Chair of each committee, recommending to the Board appropriate changes
- annually reviews the effectiveness of the Board as a whole, the Chair of the Board and all committees of the Board, making recommendations where appropriate that a sitting director be removed or not be re-appointed, and
- is responsible for establishing a process for direct communications with shareholders and other stakeholders, including through STEP's whistleblower policy.

This section provides a description of our Board and discusses our approach to corporate governance.

## ABOUT OUR BOARD

### Size and composition

STEP's articles state that the Board must have a minimum of one and a maximum of eleven directors. Our Board believes this size is appropriate based on the scope of our business, the skills and experience of the nominated directors and the three standing committees, and to achieve effective decision-making.

Quorum for the transaction of business at any meeting of the Board is a majority of directors. In the case of an equality of votes, the Chair of the Board is not entitled to a second or casting vote.

The C&CG Committee is responsible for reviewing the size and composition of the Board, making recommendations as to the number of independent directors and advising the Board on filling vacancies. The C&CG Committee is also responsible for recommending suitable candidates for nomination for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. We believe our Board must consist of directors who are qualified and knowledgeable, and include directors with direct experience in the oil and gas industry.

### Board and executive team diversity

We are committed to maintaining a qualified and knowledgeable Board, and consider a variety of diversity criteria in bringing expertise and perspectives to the Board. Our Board considers diversity in terms of gender, age, ethnicity, business experience, professional expertise, personal skills, and stakeholder perspectives.

STEP has not adopted formal targets regarding the number of women to be elected to the Board, and does not have written policies regarding the identification and nomination of female director candidates for election to the Board. The C&CG Committee considers the level of representation of women on the Board as one of many factors when seeking candidates for nomination. The C&CG Committee is focused on finding the most qualified individuals available with skills and experience that will complement the Board and assist in providing strong stewardship for STEP, with gender being only one of the many factors taken into consideration when evaluating individuals as potential directors. Currently there are two women on the Board, representing 29% of STEP's directors.

Our executive team includes our President and CEO, CFO, COO, Vice-President, Human Resources, Vice-President, Legal and General Counsel, Vice-President, Business Development, and Vice-President, Finance. The executive team reviews and discusses STEP's talent pool regularly, and the C&CG Committee annually reviews STEP's initiatives to provide development opportunities for high potential and diverse candidates below the executive level. STEP has not adopted formal targets regarding the number of women to be appointed to executive officer positions, and does not have written policies regarding the identification and nomination of female executive officer candidates for appointment to the executive team. The Board reviews all appointments to the executive team, and

encourages the inclusion of women candidates for consideration for all leadership positions. As of the date of this Circular, one of STEP's executive officers are female, representing 14% of STEP's executive officers.

## Board independence

The majority of our directors must be independent in accordance with applicable Canadian legal requirements and guidelines. The Board has determined that five of the seven nominated directors are independent for the purposes of NI 58-101 for the reasons outlined below. Other than Messrs. Glanville and Gackle, none of the directors have a direct or indirect material relationship with STEP that could reasonably be expected to interfere with the exercise of his or her independent judgment. The C&CG Committee and the Board review the independence of each candidate and Board member on an annual basis.

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of NI 52-110. Pursuant to NI 52-110, the independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that the majority of the Board is independent, whereby: (i) Mr. Skehar, Mr. Harbilas, Ms. Garbutt, and Ms. Angelle are independent within the meaning set out in NI 58-101, (ii) Mr. Glanville is not independent within the meaning set out in NI 58-101 as he is the President and CEO of STEP, and (iii) Mr. Gackle is not independent within the meaning set out in NI 58-101 as he is a Managing Director of ARC Financial Corp. and of the general partners of the limited partnerships comprising ARC Energy Fund 6 (as defined in the *Other information – Controlling shareholder section*) and ARC Energy Fund 8 (as defined in the *Other information – Controlling shareholder section*). The Board has determined that Mr. Freel is independent within the meaning set out in NI 58-101 effective as of May 1, 2023 but is subject to a one-year cooling off period. Prior to December 31, 2022, the Board determined that Mr. Freel was not independent within the meaning set out in NI 58-101 as he was a Managing Director of ARC Financial Corp. and of the general partners of the limited partnerships comprising ARC Energy Fund 6. ARC Energy Fund 6 and ARC Energy Fund 8 hold an aggregate of 59% of the issued and outstanding shares of STEP. The Board believes that given its size and structure, it is organized properly, functions effectively, and is able to facilitate independent judgment in carrying out its responsibilities, including those set forth in the mandate of the Board. To enhance such independent judgment, at the end of, or during, each Board meeting, Mr. Glanville and executive team will leave the meeting in order that the non-executive directors can discuss any necessary matters without executives being present.

### Chair Independence and Lead Director

As discussed above, the Board determined Mr. Freel, the Chair of the Board, is independent effective as of May 1, 2023 but is subject to a one-year cooling-off period. Prior to May 1, 2023, Mr. Freel was not independent. As such, Ms. Garbutt has been appointed as the Lead Director by the Board and is responsible for ensuring that the directors who are independent have opportunities to meet without executives and non-independent directors, as required. The Lead Director will be appointed and replaced from time to time by a majority vote of independent directors and will be an independent director. Discussions among the independent directors will be led by the Lead Director who will provide feedback subsequently to the Chair.

### Independent advice

The Board and each of its three standing committees are empowered to retain independent advisors to assist in carrying out their duties and responsibilities.

## ABOUT OUR GOVERNANCE PHILOSOPHY AND PRACTICES

### Ethical business conduct

STEP has a set of guiding principles and policies outlining the basis on which we operate to the highest degree of integrity and corporate responsibility.

### Code of business conduct and ethics ("Code")

We are committed to conducting our business and affairs in accordance with our core values, vision, purpose and highest ethical standards. As part of these efforts, STEP maintains a written Code, applicable to directors, officers, employees, consultants and contractors. The Code provides guidance on areas such as conflict of interest, outside employment and directorships, confidential information, protection and proper use of corporate assets, fair dealings with our shareholders, customers, suppliers and competitors, corporate communications, compliance with applicable laws, and reporting illegal or unethical behavior. The Code is posted on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)).

All professionals (including executive officers) and directors must certify their compliance with the Code annually. Any waiver of the Code for our executives and directors must be approved by the Board, or the appropriate committee. There were no material departures from the Code in 2021. The Code is reviewed annually by the C&CG Committee and the Board, and was last reviewed by the Board in November 2022. The Board, through the Audit Committee, receives regular reports regarding compliance with the Code.

### Conflicts of interest

A director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by the Board or any committee on which he or she serves, such director may be required to absent himself or herself from

the meeting while discussions and voting with respect to the matter are taking place. Directors are also required to comply with the relevant provisions of the ABCA regarding conflicts of interest and with the Code.

### **Serving on other boards**

When assessing candidates and Board members, the C&CG Committee considers whether serving on the boards of, or acting as officers or in another capacity, for other entities poses any conflict to act in our best interests, and/or interferes with any of our directors' ability to fulfill their Board duties and responsibilities. The Board reviews these relationships annually to determine that they do not interfere with any of our director's ability to act in our best interests. We endeavor to ensure that such other directorships, officerships and/or business associations do not hinder the ability as a STEP director or the Board's overall performance. We discuss time commitments in addition to duties and responsibilities with every candidate to ensure that they have a full understanding of the role and expectations associated with serving on our Board.

STEP does not have a formal policy on board interlocks. A board interlock occurs when two of STEP's directors also serve together on the board of another reporting issuer. As of the date of this Circular, there are no board interlocks among the Board members.

### **Whistleblower policy and hotline**

STEP has adopted a whistleblower policy which provides employees, clients, contractors, and others with the ability to report to STEP's third-party reporting service, on a confidential and anonymous basis, any violation within STEP including, but not limited to, criminal conduct, falsification of financial records or unethical conduct. The Board believes that providing a forum for employees, clients, contractors, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct. The Audit Committee receives regular compliance reports with respect to the whistleblower policy and hotline.

STEP has also established a toll-free, anonymous telephone, electronic mail, and web-based compliance hotline, which can be used by employees and others to report suspected accounting or auditing irregularities and unethical behaviour impacting STEP. Our whistleblower policy is available on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)). The hotline telephone number is 866.921.6714 and the website address is [www.integritycounts.ca/org/stepenergyservices](http://www.integritycounts.ca/org/stepenergyservices).

### **Insider trading**

STEP has adopted a formal disclosure, trading and confidentiality policy. The policy covers topics such as insider trading prohibitions, blackout periods and trading windows, tipping, insider reporting, and general trading restrictions. Specifically, the disclosure, trading and confidentiality policy outlines the regular blackout periods (in advance of the release of quarterly and annual financial results) when trading is not allowed and the timing of trading windows. STEP insiders are notified by email of each blackout period and trading window.

Our disclosure, trading and confidentiality policy includes an anti-hedging policy preventing directors, officers and employees of STEP from using derivatives in other instruments to insulate them from movements in our share price. See the *Compensation – Executive compensation discussion and analysis – Compensation risk management* section to learn more about our anti-hedging policy.

### **Auditor independence**

In accordance with ensuring the independence of our external auditor, the Audit Committee mandate provides that the Audit Committee is responsible for reviewing and approving any proposed hiring policies for partners, employees and former partners and employees of our current and former external auditors. The Audit Committee also has a pre-approval policy with respect to permitted non-audit services.

Our AIF includes more information about the Audit Committee. The 2022 AIF is available on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Majority voting policy**

STEP has adopted a majority voting policy, which requires that any nominee for director who receives a greater number of votes withheld than for his or her election shall tender his or her resignation to the Chair of the Board following the meeting of shareholders at which the directors were elected. This policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors being elected. The C&CG Committee and the Board shall consider the resignation, and whether or not it should be accepted. In doing so, the C&CG Committee may consider any stated reasons as to why shareholders withheld votes from the election of the relevant director, the qualifications of the director, the director's contributions to STEP, the effect such resignation may have on STEP's ability to comply with any applicable governance rules and policies, the dynamics of the Board, and any other factors that the members of the C&CG Committee consider relevant. The nominee shall not participate in the Board's or the C&CG Committee's consideration regarding whether to accept the tendered resignation, however, shall remain active and engaged in all other committee and Board activities and deliberations in the interim period. Resignations are expected to be promptly accepted except in situations where extraordinary circumstances warrant the applicable director continuing to serve as a member of the Board. The Board shall disclose its election decision, via press release, within 90 days of the applicable meeting at which directors were elected. If a resignation is accepted, the Board may appoint a new director to fill the vacancy created by the resignation. If a director nominee that is an employee of STEP receives a greater number of votes withheld than in favour during

an uncontested election of directors and is required to tender his or her resignation as a director pursuant to the majority voting policy, then to the extent that no events or circumstances have otherwise occurred that would be grounds for termination for cause, such individual may opt to be deemed to have been terminated from his or her employment without cause and be entitled to the rights and benefits arising under the terms of his or her employment agreement or that may otherwise arise pursuant to applicable laws.

## Share ownership guidelines

We have share ownership guidelines for our directors and executives to align their interests with those of our shareholders. The C&CG Committee reviews share ownership levels for each director and executive every year.

See the *Director share ownership guidelines* and *Executive share ownership guidelines* sections in addition to the profiles in *The nominated directors* and *Named executives' biography* sections, respectively, for more information about our share ownership guidelines for directors and executives and share ownership levels.

## ROLE OF THE BOARD

### Positions and descriptions

The Board, either directly or through its committees, is responsible for the supervision of executives of STEP's business and affairs with the objective of enhancing shareholder value. Each standing committee of the Board has also adopted a mandate that outlines its purpose, organization, duties and responsibilities. The mandates are reviewed every year to ensure that they reflect current developments in corporate governance and the Board approves any necessary change. At each regularly scheduled Board and committee meeting an in-camera session is held with and without management and, the Board holds in-camera sessions of independent directors only. In 2022, the Board held seven meetings. A summary of particulars relating to each standing committee of the Board is below.

The Board's mandate describes the composition and organization of the Board, its duties and responsibilities for managing the affairs of the Board and oversight responsibilities for executives and human resources, strategic planning, financial and corporate issues, policies and procedures, compliance reporting and corporate communications. The mandate also provides for the Board's oversight responsibilities with respect to business and risk management, including compensation risk, and other general legal obligations such as its ability to retain independent advisors as necessary.

The Board has also developed position descriptions for the CEO, the Chair of the Board and the Lead Director, which are part of their terms of reference. Position descriptions for the Chair of each standing committee were also approved by the Board.

See *Schedule A* for a copy of the Board mandate. The Board mandate, standing committee mandates and position descriptions for the Chair of the Board and the Lead Director are available on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)).

### Strategic planning

The Board works with STEP's executive team to develop STEP's strategic direction, including developing and reviewing the strategic plans, setting performance metrics, and establishing annual budgets and financial plans. STEP's executive team is responsible for preparing information on these areas and presenting it to the Board.

The Board holds strategic planning sessions with the executive team once every year for in-depth discussions and analysis. The executive team also presents strategic issues to the Board throughout the year based on the business climate and other current developments. The executive team also updates the Board on the execution of STEP's corporate strategies and goals at every regularly scheduled Board meeting. The Board raises various issues and topics for discussion as part of STEP's overall strategic planning process.

### Risk oversight

The Board monitors risk across the organization. The executive team is responsible for identifying, prioritizing and monitoring risks, including identifying the scope of each risk, upward and downward trends, and the mitigation strategies in place. These risks are discussed at executive team meetings, and as required, presented to the Board for further review and discussion. The Board is actively engaged in the monitoring and supervision of risk through oversight of the risk management process, and as part of Board meetings and strategic planning sessions.

The chart below shows the area of oversight responsibility of the Board and each committee:

Board	Responsibility for all risk management oversight and specific responsibilities for strategic business risks.
Audit Committee	Oversees financial risks.
C&CG Committee	Oversees governance and risk management process in addition to compensation, talent management, and succession risk.
HSE Committee	Oversees health, safety and environment risk and the relationship of STEP with the communities nearest its operations.



## BOARD COMMITTEES AND RESPONSIBILITIES

The Board has three standing committees:

- Audit Committee
- C&CG Committee, and
- HSE Committee.

### Board committee structure

Effective as of April 20, 2023, STEP's Board standing committee structure is as follows:

Director	Audit Committee	Compensation and Corporate Governance Committee	Health, Safety and Environment Committee
Evelyn Angelle	✓		
Douglas Freel (Chair)			
Jeremy Gackle		Chair	
Donna Garbutt (Lead Director)			Chair
Stephen Glanville			✓
James Harbilas	Chair	✓	
Jason Skehar	✓	✓	✓

Effective as of October 1, 2022, Mr. Glanville replaced Mr. Davis CEO, and as an executive director of the Board and member of the HSE Committee, following Mr. Davis' retirement.

Each committee has a documented mandate and a role description for its respective committee Chair approved by the Board. The committees provide recommendations to the Board on matters within their respective responsibilities which helps to facilitate the Board's decision-making. The Board may, from time to time, establish ad hoc committees for specific matters which are short-term or not continual in nature.

A summary of particulars relating to each standing committee concerning composition and standing committee mandates is below.

### Audit Committee

Members	James Harbilas (Chair) Evelyn Angelle Jason Skehar
Meetings	4 meetings held in 2022
Independence	3 independent directors, 100% independent and financially literate within the meaning of NI 52-110.
In-camera sessions	The Audit Committee meets in-camera at the end of each meeting, with and without management. The Audit Committee and/or Chair also meets separately with the external auditors.
Mandate	The Audit Committee is responsible for (among other things), reviewing STEP's financial statements and public disclosure documents containing financial information and reporting on such review to the Board, ensuring STEP's compliance with legal and regulatory requirements, overseeing qualifications, engagement, compensation, performance and independence of STEP's external auditors and reviewing, evaluating and approving the internal control and risk assessment systems that are implemented and maintained by the executive team. Our AIF includes more information about the Audit Committee, including relevant education and experience of Audit Committee members, its mandate, and STEP's policy with respect to the pre-approval of non-audit services. The AIF is available on our website ( <a href="http://www.stepenergyservices.com">www.stepenergyservices.com</a> ) and on SEDAR ( <a href="http://www.sedar.com">www.sedar.com</a> ). The mandate is available on our website ( <a href="http://www.stepenergyservices.com">www.stepenergyservices.com</a> ).

## HSE Committee

Members	Donna Garbutt (Chair) Jason Skehar Stephen Glanville Note: Effective as of October 1, 2022, Mr. Glanville replaced Mr. Davis CEO, and as an executive director of the Board and member of the HSE Committee, following Mr. Davis' retirement.
Meetings	3 meetings held in 2022
Independence	2 independent directors, 67% independent within the meaning of NI 52-110.
In-camera sessions	The HSE Committee meets in-camera at the end of each meeting, with and without management.
Mandate	The HSE Committee's mandate is to oversee STEP's policies and management systems, which are designed to cause it to comply with applicable laws and regulations, and evaluate the performance of STEP with respect to: (i) the protection of the health and safety of all persons associated with STEP's operations, (ii) the protection of the biological and physical environments, and (iii) the relationship of STEP with the communities nearest its operations. The mandate is available on our website ( <a href="http://www.stepenergyservices.com">www.stepenergyservices.com</a> ). For information relating to the skills and experience of the HSE Committee members refer to the profiles in <i>The nominated directors</i> section above.

## C&CG Committee

Members	Jeremy Gackle (Chair) James Harbilas Jason Skehar
Meetings	4 meetings held in 2022
Independence	2 independent directors, 67% independent within the meaning of NI 52-110.  Effective as of July 1, 2020, the Board determined that Mr. Gackle was no longer independent within the meaning set out in NI 58-101 as he is a Managing Director of ARC Financial Corp. and of the general partners of the limited partnerships comprising ARC Energy Fund 6 and ARC Energy Fund 8. The Board is of the view that this change does not materially adversely affect the ability of the C&CG Committee to act independently.
In-camera sessions	The C&CG Committee meets in-camera at the end of each meeting, with and without management.
Mandate	The C&CG Committee is responsible for oversight of STEP's corporate governance policies, programs and practices. The C&CG Committee also provides the Board with an appropriate level of insight and transparency into compensation governance reviews and recommends to the Board. The mandate is available on our website ( <a href="http://www.stepenergyservices.com">www.stepenergyservices.com</a> ).

## Orientation and continuing education

STEP uses several different methods to provide orientation and continuing education to the Board. The C&CG Committee is responsible for the orientation and continuing education programs for new and continuing members of the Board. New Board members are provided with an orientation which includes written information about the duties and obligations of directors and the business and operations of STEP, documents from recent Board meetings and opportunities for meetings and discussion with the executive team and other Board members. They are provided with access to relevant industry information and given access to background documents of STEP, including policies, governance documents, Board and committee mandates, position descriptions, corporate records, and prior Board minutes and materials. New Board members are encouraged to meet with members of the executive team at STEP for orientation with respect to STEP's business. They are also invited to attend all meetings of committees of the Board. Field visits may also be arranged for new Board members. The C&CG Committee reviews the orientation and continuing education programs every year to ensure that the needs of new and continuing directors are met.

The Board receives continuing education in a variety of ways. Specifically, at each regularly scheduled meeting of the Board, the executive team provides an update on health and safety metrics, general economic trends, business operations, and other matters of Board concern. Directors also receive updates and articles related to topical issues. The Board and its committees receive updates at regularly scheduled meetings pursuant to each of the three standing committees' agendas. For example, the Audit Committee receives accounting and regulatory updates at each quarterly meeting. The C&CG Committee receives legislative updates as required. The C&CG Committee meets with appropriate independent consulting firms such as Southlea Group LP ("Southlea") on an as-needed basis and receives market data on an on-going basis from independent consulting firms and members of STEP's executive team with respect to compensation trends and initiatives. From time to time, various members of STEP's executive team and other third parties provided

updates to the Board through ad hoc presentations during regularly scheduled meetings in the following areas: insurance, risk, and financing markets, etc. Board members are also encouraged to attend seminars and conferences related to their duties, and STEP supports its directors and their participation in certain approved third-party educational opportunities and memberships.

The Board holds at least one strategic planning session each year to allow directors to gain a better understanding of STEP's operations, business opportunities, and risks. At the Board's strategic planning session held in October 2022, the Board met with key personnel and executives, discussed strategic plans, and considered current and future business prospects and opportunities.

In addition, STEP holds meetings at various STEP sites to allow directors to gain a better understanding of STEP's operations, business opportunities, and risks.

## Board assessments

Each year, the C&CG Committee evaluates the performance and effectiveness of the Board, its committees and the contributions of individual directors. The assessments are expected to address individual director independence, individual director skills in addition to overall Board skills and individual director financial literacy. The Board will review and consider the recommendations from the C&CG Committee regarding the results of such evaluations.

## Board term limits and tenure

STEP does not have a term limit or retirement policy for directors or other mechanisms of board renewal. The C&CG Committee seeks to maintain the composition of the Board in a way that provides an appropriate mix of skills and experience to provide for STEP's overall stewardship. Each year, the C&CG Committee is responsible for conducting an assessment of the Board, each committee and each director regarding his, her or its effectiveness and performance, and reports evaluation results to the Board for review and discussion. For more about Board composition, refer to the *About our Board – Size and composition* section.

The chart below shows the composition of our Board by years of service as of the date of this Circular, assuming that all of the nominated directors are elected. The highest tenured Director at STEP since the Company was incorporated in 2011, is twelve years.

	0 – 3 years	4 – 7 years	8+ years
Number of directors	1	3	3

## Board composition, renewal and director candidates

With respect to Board composition, renewal and director candidate assessment, the C&CG Committee assesses qualifications and independence in addition to the skills and experience set of current Board members, the structure and composition of the committees and director tenure. The C&CG Committee is responsible for determining a mix of skills and experience conducive to the effective functioning of our Board, and facilitating STEP's business strategy and long-term growth. The C&CG Committee has identified key areas of expertise considered when determining Board composition.

The chart below shows the key expertise areas of each of the current directors, which are factors considered when discussing Board composition, renewal and director candidates.

Director	Evelyn Angelle	Douglas Freel	Jeremy Gackle	Donna Garbutt	Stephen Glanville	James Harbilas	Jason Skehar
Finance/accounting/audit	✓	✓	✓			✓	
Senior management/ strategy/leading growth	✓	✓	✓	✓	✓	✓	✓
Corporate governance or legal expertise	✓	✓	✓			✓	✓
Human resources & compensation			✓	✓		✓	✓
Operations/ health, safety & environment	✓	✓		✓	✓		✓
Industry experience	✓	✓	✓	✓	✓	✓	✓

## Executive talent management and succession planning

Building leadership capabilities and strengthening overall succession is a priority at STEP. The Board is responsible for succession planning in respect of key management positions at STEP, including the creation and review of new executive positions. Through the C&CG Committee, the Board is able to focus on identifying, assessing, and developing personnel in key leadership positions and high potential talent.

STEP's strategy is to develop and promote from within to strengthen our values and culture, assist in the retention of talent, and provide more options for succession. This strategy is complemented by the practice of hiring external personnel, which enables us to build a team with diverse proficiencies, experiences and perspectives. The C&CG Committee is responsible for reviewing and discussing

the executive team succession plans annually. This entails a review of contingency and long-term succession plans for the CEO and all members of our executive team, including the identification of key succession candidates' strengths and gaps, and overall development progress and development plans. STEP has engaged a consulting firm specialized in leadership development to assess and facilitate executive development.

## Access to management

The Board has complete access to the executive team, but reasonable advance notice is given in order to avoid disrupting STEP's day-to-day business and operations. The Board and committee Chairs liaise with relevant members of the executive team as needed.

The Board encourages the executive team to include key managers in Board and committee meetings for purposes of sharing their expertise with respect to specific matters. This approach provides the Board with an opportunity to meet individuals who have the potential to advance to more senior positions in the future, and for these individuals to gain exposure to the Board.

# COMPENSATION

## OVERVIEW OF OUR COMPENSATION GOVERNANCE

The C&CG Committee is responsible for the oversight and review of STEP's philosophy, policies, programs and practices concerning compensation and corporate governance matters, and to make recommendations to the Board, with regard to their creation, adoption, implementation and maintenance. Each of the C&CG Committee members has served as a senior officer and/or as a director of numerous organizations, has direct experience in executive and corporate compensation programs, and therefore has the necessary background and skills to provide effective oversight of executive and director compensation and ensure that sound risk management principles are being adhered to in order to align executives' and shareholders' interests. See *The nominated directors* section for the profiles of each of the Board members that serve on the C&CG Committee.

## DIRECTOR COMPENSATION DISCUSSION AND ANALYSIS

STEP's director compensation program has been designed to attract and retain qualified individuals to serve on the Board. The C&CG Committee is responsible for reviewing any changes to director compensation, as well as reviewing and recommending to the Board any changes to director compensation plans.

Non-executive directors receive retainers for their services in order to help ensure unbiased decision-making. Refer to the *Components of director compensation* below. The Board may from time to time approve additional compensation for directors in respect of incremental responsibilities undertaken at the request of the Board or additional ad hoc committee services.

Non-executive directors are eligible to participate in STEP's deferred share unit plan ("DSU Plan") which was implemented in connection with STEP's initial public offering ("IPO") and updated effective as of June 23, 2022, as well as the board of directors' phantom restricted share unit plan ("Director Phantom RSU Plan") effective as of June 23, 2022, if their share ownership guideline requirements have been met. Non-executive directors are not eligible to participate in the Option Plan nor the PRSU Plan, both of which were implemented in connection with the IPO.

## Benchmarking

In determining director compensation and to help ensure we can attract and retain qualified directors, the C&CG Committee reviews and considers director compensation levels at a group of industry-specific, publicly-traded, close operating peers for reference, and applies judgment in developing compensation considering the relative size and complexity of STEP as compared to such peers. The Board generally targets total compensation at the median of benchmarking peers.

The following companies comprise STEP's 2022 director compensation peer group:

- Akita Drilling Ltd.
- Calfrac Well Services Ltd.
- Essential Energy Services Ltd.
- Precision Drilling Corporation
- Source Energy Services Inc.
- Total Energy Services Inc.
- Trican Well Service Ltd.
- Western Energy Services Corp.

In addition to benchmarking to peers, the C&CG Committee considers governance best practices and seeks independent advice as deemed appropriate.

## Components of director compensation

STEP's non-executive directors receive cash retainers for Board and Committee memberships, as well as a share-based award.

The C&CG Committee considers the volatility in the industry as part of the process of setting director compensation, including benchmarking to peers and past share-based grant practices. A detailed review of director compensation was completed to analyze STEP's pay structure and competitiveness before setting 2022 director compensation. As a result of this review, the C&CG Committee determined that it was appropriate to reinstate director compensation to the same magnitude as that in 2019 (pre-covid), however, a number of structural changes were made, including that board and committee member retainers be paid in cash only, as well as incorporating Director Phantom RSUs to the share-based award to better manage the timing and aggregate cash liability that come with DSUs. In 2020 and 2021, due to the negative impacts from covid on our business, including the low share price, STEP's director compensation was reduced by a third as a cost-cutting measure. Non-executive directors are also reimbursed for transportation and other out-of-pocket expenses reasonably incurred for attending Board and committee meetings and in connection with the performance of their duties. Continuing education for directors is important to STEP, and membership costs for certain professional organizations and educational programs may be reimbursed, as determined on a case-by-case basis.

The table below outlines the non-executive director compensation program for the year ended December 31, 2022. Executive directors do not receive any compensation for their services as directors.

Component	Roles	Amount (\$) <sup>(1)</sup> Effective January 1, 2022
Board retainer	Board Chair	75,000
	Board member	35,000
	Audit Committee Chair	24,000
	C&CG Committee Chair	18,000
	HSE Committee Chair	16,000
Committee retainer	Audit Committee member	9,000
	C&CG Committee member	3,000
	HSE Committee member	6,000
Share-based Award <sup>(2)(3)</sup>	Board Chair	100,000
	Board member	90,000

### Notes

- (1) As a non-Canadian resident director, Ms. Angelle is paid the stated amounts in USD, which amounted to a total CAD \$174,468 in 2022. Refer to the Director Compensation Table below for further details.
- (2) Directors may elect DSUs or Director Phantom RSUs for their share-based award, in any mix as long as directors have fully met their share ownership guideline.
- (3) The share-based award is granted after the annual general meeting of shareholders. The number of DSUs and Director Phantom RSUs granted is determined using the market share price, being the 5-day VWAP prior to grant date. The market share price used for the June 28, 2022 grant was \$5.03.

## Share-based awards

Director compensation includes a share-based award in the form of either DSUs and/or Director Phantom RSUs, pursuant to the DSU Plan and Directors Phantom RSU Plan, respectively. However, a non-executive director is only eligible to elect to receive Director Phantom RSUs if their share ownership guideline requirement has been met.

DSUs vest immediately upon grant and their value fluctuates with the current market share price, however a director can only redeem and convert DSUs to cash when the director ceases to be a member of the Board. Once a director ceases to be a member of the Board, their DSUs will be settled by STEP making a cash payment equal to the number of DSUs multiplied by the closing share price on the TSX on the day preceding the date the payment is made. This cash payment must occur no later than the last business day of the first calendar year commencing after the director ceases to be a member of the Board. Director Phantom RSUs are granted in accordance with STEP's typical RSU grant practice, whereby grants vest in thirds over three years, however, vesting will accelerate should the director cease to be a member of the Board. The vest value of Director Phantom RSUs is based on the 5-day VWAP of the shares prior to the vest date, and is paid in cash within the time periods specified by the Directors Phantom RSU plan.

Both DSUs and Director Phantom RSUs are eligible to earn dividends at the same rate as any dividends declared by STEP on its common shares. A director's DSU and/or Phantom RSU account will be credited with additional share units in the form of dividend DSUs or dividend Phantom RSUs, as applicable, on each dividend payment date in respect of which dividends are paid on STEP's common shares. Such dividend DSUs and dividend Director Phantom RSUs are computed as the amount of any such dividend declared and paid per share multiplied by the number of DSUs and/or Director Phantom RSUs recorded in the participant's DSU and/or Director Phantom RSU account on the record date for the payment of such dividend, divided by the market share price as at the dividend payment date. The payment terms of such dividend units are the same as the relevant units, DSUs and/or Director Phantom RSUs.

In addition to share-based awards, directors receive their board and committee member retainers in cash. The table below details each non-executive director's total compensation for the year ended December 31, 2022.

Director	Share-based Award <sup>(1)(2)</sup> (\$)				Cash Retainers (\$)			Total (\$)
			Share-based instrument		Board or Committee Chair	Board member	Committee member	
			DSUs (\$)	Director Phantom RSUs (\$)				
Evelyn Angelle <sup>(3)</sup>	—	115,776	—	115,776	—	46,687	12,005	174,468
Douglas Freel <sup>(4)</sup>	100,000	—	100,000	—	75,000	—	—	175,000
Jeremy Gackle <sup>(4)</sup>	—	90,000	90,000	—	18,000	35,000	—	143,000
Donna Garbutt	—	90,000	—	90,000	16,000	35,000	—	141,000
James Harbilas	—	90,000	45,000	45,000	24,000	35,000	3,000	152,000
Jason Skehar	—	90,000	90,000	—	—	35,000	18,000	143,000

**Notes**

- (1) Directors may elect DSUs or Director Phantom RSUs for the share-based award, in any mix as long as their share ownership guideline is met.
- (2) DSUs and Director Phantom RSUs are granted annually after the annual general meeting of shareholders. The number of DSUs and Director Phantom RSUs granted was determined using the grant date market share price, defined as the 5-day VWAP, on June 28, 2022 of \$5.03.
- (3) As a U.S. resident, Ms. Angelle is compensated in USD. For purposes of this table, all fees earned by Ms. Angelle were converted to CAD using the exchange rate on the payment or grant date, ranging between USD 1.00:CAD 1.30 to 1.37.
- (4) Compensation received by Messrs. Freel and Gackle are held for the benefit of ARC Financial Corp. or its affiliates pursuant to a written agreement between each individual and ARC Financial Corp.

## Director share ownership guidelines

STEP has adopted share ownership guidelines for non-executive directors to demonstrate their commitment to the achievement of long-term success and alignment of their interests with shareholders. The Company's non-executive directors are required to hold, directly or indirectly, shares and/or DSUs with an aggregate value equal to three times their total annual compensation (including Board and committee member retainers and share-based award). Shares or DSUs held for purposes of the share ownership guidelines are valued at the higher of the i) value at the time of award or acquisition and ii) the current market share price. Each director will have five years from the later of the introduction of the share ownership guidelines (February 7, 2017) and the date of their election or appointment as a director to achieve this minimum share ownership requirement. Director Phantom RSUs do not count towards meeting their share ownership guidelines requirement.

The table below outlines each non-executive director's share ownership guideline and ownership attained as at the date of this Circular. Refer to the *Compensation – Executive compensation discussion and analysis* section for share ownership guidelines for executive directors.

Director	Share ownership guideline		Total ownership attained (as of April 20, 2023)	
	Multiple of Total Annual Compensation	Amount (\$) <sup>(1)</sup>	Amount (\$) <sup>(2)</sup>	Attained <sup>(3)</sup>
Evelyn Angelle	3x	523,403	1,709,264	Yes
Douglas Freel <sup>(4)</sup>	3x	525,000	1,915,606	Yes
Jeremy Gackle <sup>(4)</sup>	3x	429,000	1,661,365	Yes
Donna Garbutt	3x	423,000	1,532,617	Yes
James Harbilas	3x	456,000	1,500,340	Yes
Jason Skehar	3x	429,000	1,470,774	Yes

**Notes**

- (1) The director share ownership guidelines are based on the stated multiple of the Board member's total annual compensation (including Board and committee member share-based awards and cash retainers). For the purposes of this table, all fees earned by Ms. Angelle were converted to CAD using the exchange rate on the payment or grant date. Exchange rates ranged between USD 1.00:CAD 1.30 to 1.37.
- (2) For the purposes of the share ownership guidelines, shares and DSUs are valued at the higher of the i) value at the time of award or acquisition and ii) the closing market share price on April 20, 2023 of \$3.28.
- (3) To achieve the minimum share ownership guideline, each director has five years from the later of the introduction of the share ownership guidelines (February 7, 2017) and the date of their election or appointment as a director.
- (4) Messrs. Freel and Gackle are representatives of the ARC Group pursuant to the Investment Rights Agreement and are employed by ARC Financial Corp. All director compensation attributed to Messrs. Freel and Gackle in this Circular is for the benefit of the ARC Group. The current

number of shares held by ARC Energy Fund 6 and ARC Energy Fund 8, respectively, can be found in the Other Information – Controlling shareholder section. ARC Group, Investment Rights Agreement, ARC Energy Fund 6 and ARC Energy Fund 8 are defined in that section as well.

## DIRECTOR COMPENSATION – 2022 DETAILS

### Director compensation tables

The table below outlines all amounts of compensation provided to non-executive directors for the year ended December 31, 2022.

Director <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Evelyn Angelle <sup>(3,)</sup>	58,692	115,776	–	–	–	–	174,468
Douglas Freel <sup>(4)</sup>	75,000	100,000	–	–	–	–	175,000
Jeremy Gackle <sup>(4)</sup>	53,000	90,000	–	–	–	–	143,000
Donna Garbutt	51,000	90,000	–	–	–	–	141,000
James Harbilas	62,000	90,000	–	–	–	–	152,000
Jason Skehar	53,000	90,000	–	–	–	–	143,000

#### Notes

- (1) Messrs. Davis and Glanville did not receive compensation for their role as a director.
- (2) Amounts reflect the grant date fair value of DSUs and/or Director Phantom RSUs.
- (3) As a U.S. resident, Ms. Angelle is compensated in USD. For purposes of this table, all fees earned by Ms. Angelle were converted to CAD using the exchange rate on the cash payment or grant date. Exchange rates varied between USD 1.00:CAD 1.30 to 1.37.
- (4) Compensation received by Messrs. Freel and Gackle are held for the benefit of ARC Financial Corp. or its affiliates pursuant to a written agreement between each individual and ARC Financial Corp.

### Outstanding share-based awards and option-based awards

The table below outlines all outstanding awards for each non-executive director as at December 31, 2022.

Option-based awards					Share-based awards		
Director	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) <sup>(1)</sup>
Evelyn Angelle	–	–	–	–	23,034	122,771	2,418,313
Douglas Freel <sup>(2)</sup>	–	–	–	–	–	–	2,770,161
Jeremy Gackle <sup>(2)</sup>	–	–	–	–	–	–	2,398,787
Donna Garbutt	–	–	–	–	17,906	95,439	2,258,892
James Harbilas	–	–	–	–	8,953	47,719	2,001,741
Jason Skehar	–	–	–	–	–	–	2,117,659

#### Notes

- (1) DSUs vest immediately upon grant and are payable when the individual ceases to be a director of STEP for any reason, provided the individual did not cease to be a director as a result of or following any misconduct or fraudulent act. DSUs are settled in cash based on the market share price immediately prior to payment. Director Phantom RSUs vest in thirds over three years and are settled in cash based on the market share price at time of vest. The market or payout value above is calculated using the December 30, 2022 closing share price of \$5.33. The Directors Phantom RSU Plan allows for accelerated vesting if an individual ceases to be a director of STEP.
- (2) Compensation received by Messrs. Freel and Gackle are held for the benefit of ARC Financial Corp. or its affiliates pursuant to a written agreement between each individual and ARC Financial Corp.

## Incentive plan awards – value vested or earned during the year

The table below outlines the value of awards vested in accordance with their terms for each non-executive director during the year ended December 31, 2022.

Director	Option-based awards (value vested during the year) (\$)	Share-based awards (value vested during the year) (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (value earned during the year) (\$)
Evelyn Angelle	—	—	—
Douglas Freel <sup>(2)</sup>	—	100,000	—
Jeremy Gackle <sup>(2)</sup>	—	90,000	—
Donna Garbutt	—	—	—
James Harbilas	—	45,000	—
Jason Skehar	—	90,000	—

### Notes

- (1) Amounts include DSUs which are valued at the grant date fair value, vest immediately upon grant and are settled in cash based on the market share price when the individual ceases to be a director of STEP for any reason, provided the individual did not cease to be a director as a result of or following any misconduct or fraudulent act. No Director Phantom RSUs vested in 2022.
- (2) Compensation received by Messrs. Freel and Gackle are held for the benefit of ARC Financial Corp. or its affiliates pursuant to a written agreement between each individual and ARC Financial Corp.

## EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

### Executive summary

STEP's executive compensation program is designed to attract and retain qualified executives and link compensation outcomes with the execution of our business strategy. The Board and the C&CG Committee are responsible for the integrity of our compensation governance. The following discussion and analysis provides an overview of STEP's executive compensation philosophy, practices and processes, including:

- 2022 business highlights
- principles and objectives of our executive compensation program
- details of our annual incentive plan ("AIP") and long-term incentive plan ("LTIP"), including a discussion of each compensation component, and
- details of our executive share ownership guidelines.

The C&CG Committee met four times in 2022. Its activities during the year included reviewing and/or approving the following:

- executive compensation design review (salaries, AIP, LTIP and allowances)
- executive termination and change of control benefits
- 2023 executive and director compensation, including peers used for benchmarking
- 2021 AIP scorecard results
- executive and director performance assessments
- 2022 management information circular
- 2022 and 2023 AIP scorecard metrics, including peers used for relative performance metrics
- scorecard results and associated performance multiplier for the 2019 corporate PSUs that cliff-vested in 2022
- 2022 annual and quarterly LTIP grants under the Option Plan and PRSU Plan
- Review of DSU Plan and Directors Phantom RSU Plan
- Retirement timing and benefits of Mr. Davis, former CEO
- the promotion of Mr. Glanville to President and Chief Executive Officer
- the promotion of Mr. Thompson to Chief Operating Officer
- the promotion of Ms. Boucher to Vice-President, Human Resources, and
- in connection with seeking shareholder approval of our Option Plan and PRSU Plan at the Meeting, review of plan design and cost elements that may be evaluated by proxy advisors.



For the year ended December 31, 2022, STEP's named executive officers ("NEOs") were:

Executive Officer	Title
Stephen Glanville <sup>(1)</sup>	President and Chief Executive Officer ("CEO")
Regan Davis <sup>(1)</sup>	Former Chief Executive Officer ("CEO")
Klaas Deemter	Chief Financial Officer ("CFO")
Rory Thompson <sup>(2)</sup>	Chief Operating Officer ("COO")
Michael Burvill	Vice President, Business Development and Innovation
Joshua Kane	Vice President, Legal and General Counsel

*Notes*

- (1) Mr. Davis was the CEO until September 30, 2022, then a Strategic Advisor until December 31, 2022. Mr. Glanville was promoted to President and CEO effective October 1, 2022.
- (2) Mr. Thompson was promoted to COO effective October 1, 2022.

The profile for each NEO, including relevant employment history, can be found in the *Named executives' biography* section below.

## Compensation highlights

STEP's compensation strategy in 2022 focused on attraction and retention of talented team members by ensuring market competitiveness. In addition, the retirement of Mr. Davis created opportunities for career growth for internal candidates, including many of our professionals in executive and mid-management positions. As a result, salaries, AIP and LTIP were reviewed and adjusted to align with the market and/or internal peers. Details of compensation changes for our NEOs are described in the *Components and pay mix section*.

## Approach to executive compensation

STEP's success as an integrated fracturing and coiled tubing services provider is a result of attention to safety, execution, and technology, as well as by having an engaging culture with core values focused on best practices in all aspects of our business. The C&CG Committee strongly believes these values should be reflected in STEP's governance practices and compensation program design.

The Board recognizes the importance of appointing knowledgeable and experienced individuals to the C&CG Committee. In fulfilling its duties and responsibilities, the C&CG Committee exercises its discretion to seek input, advice and recommendations from various sources, including the Board, executives and external independent compensation consultants, as deemed appropriate.

## Decision-making process

The C&CG Committee annually reviews the appropriateness of STEP's compensation policies, practices and pay components.

Each year, the C&CG Committee is responsible for setting the goals and assessing the performance and compensation of the CEO, as well as overseeing the performance and compensation of the other executive officers. The CEO is actively engaged in STEP's compensation programs, other than with respect to his own compensation. The CEO conducts an annual evaluation of each NEO's performance and recommends salary adjustments and individual AIP performance scores to the C&CG Committee. When determining levels of compensation, the C&CG Committee considers the CEO's recommendations, performance, level of responsibility and relevant market data.

The Board reviews all recommendations of the C&CG Committee before giving final approval. Any director who is also an executive of STEP is excused from the Board meeting during any discussion of their compensation.

The Board retains the discretion to make adjustments, upward or downward, to the formulaic results of STEP's compensation plan payouts based on broader performance, market conditions and shareholder experience. The Board considers that this informed judgement is important for establishing an alignment between overall pay and performance, and to ensure that incentive awards achieve the intended result and avoid unintended consequences. In determining whether exercising informed judgement is warranted, the Board considers each component of compensation, a NEO's total compensation, as well as the performance of the Company, business unit or individual, as applicable. The Board may exercise judgment in assessing corporate performance, and may alter, cancel or defer amounts payable under the AIP and LTIP to ensure the reasonableness of any incentive award.

## Compensation Benchmarking

To ensure market competitiveness and reasonableness of STEP's pay programs, the C&CG Committee refers to the executive compensation levels, pay mix and plan features of similar industry peers in terms of size and scale of operations, then applies judgment having considered the relative size and complexity of STEP compared to such peers. After a fulsome review to ensure relevance of constituent companies, the following companies comprise STEP's 2022 executive compensation peer group:

### Canadian companies

Akita Drilling Ltd.  
Calfrac Well Services Ltd.  
Essential Energy Services Ltd.  
Precision Drilling Corporation  
Source Energy Services Ltd.  
Trican Well Service Ltd.  
Total Energy Services Inc.  
Western Energy Services Corp.

### U.S. companies

KLX Energy Services LLC  
Ranger Energy Services  
Mammoth Energy Services Inc.  
U.S. Well Services, Inc.  
Nine Energy

Note:

*FTS International Inc. was originally included in the peer group, but was acquired prior to disclosure of their 2021 compensation data.*

### Independent advice

The C&CG Committee has sole authority to retain services and approve fees for any compensation consultant to assist in the evaluation of executive and director compensation.

In late 2021, the C&CG Committee retained Southlea as an independent compensation consultant to review and provide feedback on the Company's executive compensation. During 2022, Southlea assessed market competitiveness of total compensation for the executive team which included compensation framework including pay, realizable pay, incentive pay design and a review of peer groups. Prior to this, in 2016, the Company had retained Hugessen Consulting Inc. A summary of their fees billed in 2021 and 2022 is outlined below:

Executive compensation-related fees	Year	Fee (\$)
Southlea Group LP	2022	109,767
Hugessen Consulting Inc.	2021	1,736

### Principles and objectives

Compensation plays an important role in achieving and optimizing short- and long-term business objectives that ultimately drive STEP's success.

The primary objectives of STEP's executive compensation program are to:

- attract, retain, motivate and reward talented executives to plan and execute STEP's business strategy
- encourage appropriate levels of risk-taking by ensuring a significant portion of executive compensation is tied to corporate performance and value creation over the short- and long-term
- align pay outcomes with shareholder interests, and
- ensure the cost of the compensation plan is reasonable and sustainable over the long-term.

To ensure executive pay is aligned with STEP's business strategy, the executive compensation program is driven by a set of core principles. While actual performance targets may vary each year, these principles remain constant.

Build shareholder value	Focus on key financial metrics that drive shareholder value, such as Adjusted EBITDA (as defined in the <i>Other information – Non-IFRS measures</i> section) margin and Return on Capital Employed ("ROCE") (as defined in the <i>Other information – Non-IFRS measures</i> section). Furthermore, these metrics are assessed relative to peers and are used in both AIP and PSUs.
Performance-based	Strong link between pay and performance outcomes such that realized pay varies each year depending on corporate performance, share price and individual achievements.
At-risk	AIP and LTIP awards are at-risk in that performance or financial thresholds must be met and will vary depending on actual results.
Build the business	The LTIP includes components with a three-year vest profile (both cliff and ratable vesting) to focus on achieving corporate objectives over the medium- to long-term.
Health and safety	Safety is embedded in STEP's core values and TRIF (as defined below) is a metric used in both AIP and PSUs.
Understandable and influenceable	A limited number of impactful quantitative metrics are used to maximize understandability and encourage executives to focus on controllable lead measures.
Teamwork	Teamwork across the Company is required to operate safely and achieve financial success.
Compensation risk mitigation	Include both fixed and variable pay with performance metrics that align with STEP's business strategy. Incentive awards are capped, a clawback policy is in place and executives are required to meet share ownership guidelines.

## Executive share ownership guidelines

Executive officers are subject to the following ownership guidelines in the form of common shares and, effective in 2021, RSUs (both equity and cash-settled), with an aggregate value as follows: the CEO is required to hold 3x base salary, the CFO and COO are required to hold 2x base salary and other executive officers are required to hold 1x base salary. The Board approved the inclusion of RSUs given that RSUs provide similar alignment to share price as common shares, as well as to closer align with our industry peers. To address volatility in our share price and to reflect the investments made to acquire shares, shares and RSUs are valued at the higher of: (i) value at the time of acquisition or award; and (ii) the current market share price. Each officer will have five years from the later of the introduction of the share ownership guidelines (February 7, 2017) and the date of their appointment as an executive officer to achieve this minimum share ownership requirement.

The table below outlines each NEO's share ownership guideline and ownership attained as at December 31, 2022. This table reflects the Board-approved incremental increase approach for STEP's executive officer share ownership guidelines in situations where an executive officer has been promoted from within the Company and was already subject to share ownership guidelines.

Executive Officer	Share ownership guideline		Ownership attained	
	Multiple of base pay	\$ <sup>(1)</sup>	\$ <sup>(2)</sup>	Attained <sup>(3)</sup>
Stephen Glanville (President and CEO)	3x	1,380,000	1,658,977	Yes
Klaas Deemter (CFO)	2x	660,000	386,926	In-progress
Rory Thompson (Chief Operating Officer)	2x	660,000	722,279	Yes
Michael Burvill (VP, Business Development and Innovation)	1x	338,000	681,940	Yes
Joshua Kane (VP, Legal and General Counsel)	1x	230,000	951,192	Yes

### Notes

- (1) Share ownership guideline is based on the NEO's annual salary as at December 31, 2022. Refer to the Named executives' biography section below for the base salary of each NEO. For purposes of this table, Mr. Burvill's salary is reported at the 2022 average exchange rate of USD 1.00:CAD 1.30.
- (2) Common shares and RSUs are valued at the higher of the value at the time of acquisition or award and the December 30, 2022 closing market share price of \$5.33.
- (3) Each named executive has five years from the later of the introduction of the share ownership guidelines (February 7, 2017) and the date of their appointment as an executive to achieve this minimum share ownership guideline.

## Compensation risk management

STEP's executive compensation program is designed to incent the achievement of near- and long-term objectives, without taking unnecessary risk.

The Board provides regular oversight of STEP's risk management practices, and delegates to the C&CG Committee the responsibility to provide risk oversight of STEP's compensation policies and practices, and to identify and mitigate compensation policies and practices that could encourage inappropriate or excessive risk-taking.

The Board and the C&CG Committee noted the following executive compensation policies and practices designed to prevent inappropriate risk-taking:

- compensation oversight is enhanced by having cross-membership between the C&CG and Audit committees to ensure the C&CG have an in-depth understanding of the risks associated with our business
- the C&CG Committee and Board follow a formal review and decision-making process
- executive compensation is reviewed annually, including benchmarking to peers and understanding best practices
- compensation components reward the achievement of both annual and long-term objectives
- the Board retains the ability to exercise informed judgment to adjust incentive awards, ensuring payouts are aligned to performance in the event of extraordinary circumstances
- cap on AIP payments, subject to the Board's ability to exercise its informed judgement
- incentive pay mix is diverse in terms of metrics, performance periods, valuation and form of payment
- minimum share ownership guidelines
- anti-hedging policy (details below)
- clawback policy (details below), and
- use of independent compensation advisor, as appropriate.

The Board and the C&CG Committee firmly believe that STEP's executive compensation program does not encourage officers to take unnecessary or excessive risk.

### ***Anti-hedging policy***

STEP is of the view that our securities should be purchased for investment purposes only. Pursuant to STEP's disclosure, trading and confidentiality policy, transactions that could be perceived as speculative or influenced by positive or negative perceptions of STEP's prospects, including the use of puts, calls, collars, spread bets, contracts for difference and hedging transactions are not considered to be in STEP's best interests and must be avoided. In particular, directors, officers and employees of STEP are prohibited from engaging in hedging activities of any kind respecting STEP's securities or related financial instruments including, without limitation, selling a call or buying a put on STEP's securities or purchasing Company securities with the intention of reselling them within six months or selling Company securities with the intention of buying them within six months (other than the sale of Company securities shortly after they were acquired pursuant to the vesting of share-based compensation).

### ***Clawback policy***

The Board has adopted a clawback policy specifying the consequences with respect to incentive compensation in the event of gross negligence, fraud or willful misconduct resulting in a restatement of STEP's financial statements. The clawback policy provides that where there is a restatement of the financial results of STEP for any reason other than a restatement caused by a change in applicable accounting rules or interpretations, and, in connection with such restatement, an officer engaged in gross negligence, fraud or willful misconduct, the Board or the C&CG Committee may: (a) require that an officer return or repay to STEP, or reimburse STEP for, all or part of the after-tax portion of any excess compensation, and/or (b) cause all or part of any awarded and unpaid or unexercised performance-based compensation (whether vested or unvested) that constitutes excess compensation for an officer to be cancelled. In determining whether to require any cancellation, repayment or reimbursement under the clawback policy, the Board or the C&CG Committee shall have regard to, in its sole discretion and in light of the circumstances, the best interests of STEP. In making such determination, the Board may take into account any considerations it deems appropriate, including, without limitation: (i) the applicable governing law including the likelihood of success and the cost of pursuing recovery, (ii) any prejudice to the interests of STEP, including in any related proceeding or investigation, and (iii) the participation of the officer in the circumstances relating to the financial restatement, including his or her involvement in any gross negligence, fraud or willful misconduct. For purposes of the clawback policy, excess compensation means the difference between the amount of any incentive compensation actually paid or awarded to an officer and the amount that would have been paid as calculated based on the restated financial statements. Performance-based compensation includes all bonuses and other incentive compensation that is paid or awarded to any officer, the award, amount, payment and/or vesting of which was calculated having regard to or based in whole or in part on the application of performance criteria or financial metrics measured during the three years preceding the applicable restatement and includes incentive compensation awarded or paid in any form, including cash or equity-based, whether vested or unvested.

For clarity, incentive compensation subject to STEP's clawback policy includes amounts paid, awarded, granted or vested, both cash and equity-settled, regardless of whether or not there are performance conditions applied to vesting, under all the Company's incentive plans available to officers (AIP, Option Plan, PRSU Plan, Phantom PRSU Plan, FALTIP, Prior Options and Performance

Warrants), as may be adopted, amended or supplemented from time to time. STEP's clawback policy applies to current and former executive officers of the Company, including the CEO.

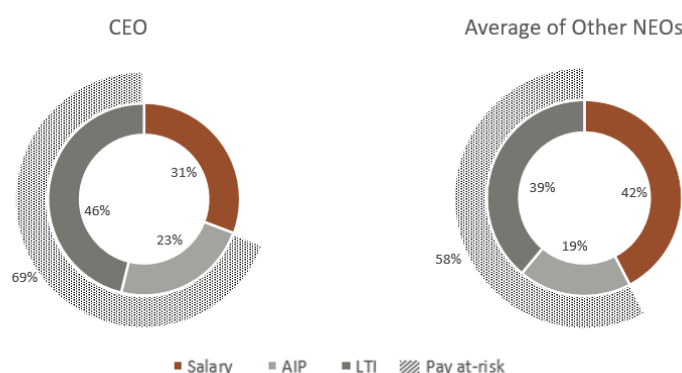
## Components and pay mix

STEP's compensation philosophy is to align pay with performance, be affordable over the long term while remaining market competitive to ensure we can attract and retain top executive talent. Accordingly, our executive compensation plan is designed to position base salary at the market's 50<sup>th</sup> percentile, while allowing the opportunity to realize total direct compensation levels at or above the market's 75<sup>th</sup> percentile commensurate with performance.

STEP's executive compensation structure consists of four components:

- base salary
- AIP
- LTIP, and
- benefits and perquisites, though these are not expected to be a significant component of executive compensation.

The following charts outline the target pay mix for STEP's CEO and the average of other NEOs including target pay mix and the relative proportion of pay at-risk.



### Base salary

Base salary is fixed and used to recognize the experience, skills, knowledge and responsibilities of NEOs.

Salaries are reviewed annually by the C&CG Committee, taking into account the responsibilities, performance and experience of the executive, historical compensation, the competitive market for talent, peer compensation data, industry conditions, STEP's financial position and the recommendations of the CEO (for NEOs other than himself). The C&CG Committee does not assign specific weighting to any of the above factors. The CEO's base salary is reviewed and recommended for adjustment, if any, by the C&CG Committee. NEO salaries are ultimately approved by the Board.

### Annual incentive plan

STEP's AIP component is at-risk based on corporate and individual performance. It is designed to motivate NEOs to meet annual financial, safety and individual objectives aligned with the execution of STEP's long-term strategy and focused on core values. Each year, the C&CG Committee reviews the corporate performance metrics to ensure that it appropriately incentivizes the achievement of metrics key to STEP's success, as well as each NEO's individual performance of specific goals. Ultimately, the AIP scorecard and any resulting award is approved by the Board.

STEP's 2022 AIP scorecard metrics remain the same as the prior year, but with increased emphasis on safety (measured by total recordable incident frequency or "TRIF"), by nullifying any safety component payout in the event of a fatality and by increasing the safety component payout by 1.5x (33.3% x 1.5 = 50%) for achieving goal zero (TRIF = nil). If there is a fatality, the safety metric payout is nil for the C-Suite and those in the business unit that the fatality occurred.

- 33% Safety with a 1.5x multiplier opportunity
- 33% Adjusted EBITDA margin relative to peers, and
- 33% Return on Capital Employed relative to peers.

### Key Features

- Target opportunity is set to target the 50th percentile of the performance peer group;
- Two components: corporate and individual, with heavier emphasis on corporate for NEOs;
- Corporate performance is measured against threshold, target and maximum performance goals; and
- Corporate weighting is increased with the level of position.

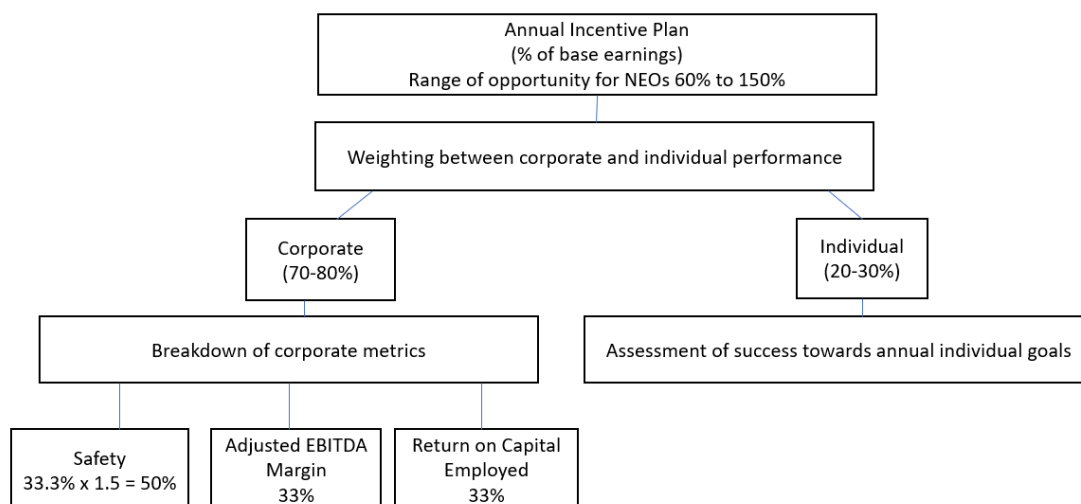
The AIP maximum opportunity, payout range and weightings for the CEO and other NEOs are as follows:

Named executive	AIP opportunity (% of base earnings)	2022 Performance weighting (%)	
		Corporate	Individual
Stephen Glanville <sup>(1)</sup> (President and CEO)	131	76	24
Regan Davis (Former CEO)	150	80	20
Klaas Deemter (CFO)	108	75	25
Rory Thompson <sup>(2)</sup> (COO)	93	74	26
Michael Burvill (VP, Business Development and Innovation)	70	70	30
Joshua Kane (VP, Legal and General Counsel)	60	70	30

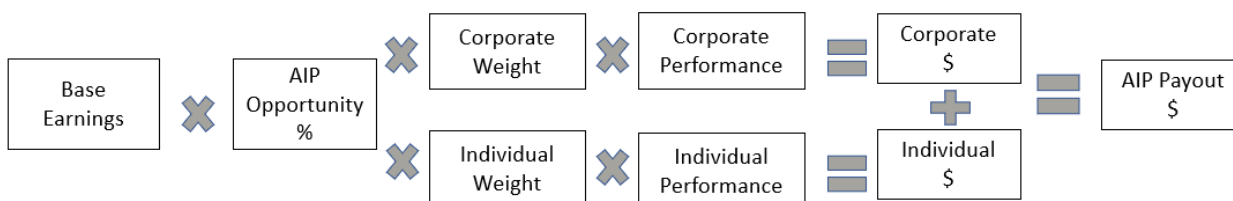
**Notes**

- (1) In conjunction with Mr. Glanville's promotion to CEO effective October 1, 2022, the Board approved an increase to his AIP opportunity to 150% from 125%, therefore the AIP opportunity and weightings reflect prorated amounts.
- (2) Mr. Thompson's AIP opportunity was adjusted during the year, the Board approved an increase to his AIP opportunity to 90% from 80% March 14, 2022 and then to 110% with his promotion to COO effective October 1, 2022, therefore the AIP opportunity and weightings reflect prorated amounts.

**Annual incentive plan award calculation**



AIP is first determined with a formulaic calculation using the actual corporate scorecard achievement and individual performance scores, then is reviewed by the C&CG Committee for appropriateness given corporate performance relative to overall market conditions and any other factors deemed relevant at the time.



From time to time the Board may also exercise its discretion to allow for additional (or reduced) payments in conjunction with performance or other factors, such as financial results. For example, in 2022, the Board used its informed judgement to approve additional awards to high performing professionals, whereas in 2020 it exercised its judgement to make no annual incentive plan payments to professionals.

### AIP Corporate Scorecard

To ensure that it appropriately incents the achievement of metrics key to STEP's success, in 2021, the Company introduced benchmarking two financial metrics (Adjusted EBITDA margin and ROCE) relative to a peer group consisting of market-relevant companies (based on size and complexity of operations, service lines, operating regions and enterprise value) against whom STEP directly competes.

The 2022 Corporate Scorecard Peer Group consists of:

Canadian companies	U.S. companies
Calfrac Well Services Ltd.	KLX Energy Services LLC
Essential Energy Services Ltd.	Nine Energy Service, Inc.
Trican Well Service Ltd.	

STEP's corporate performance scorecard shown below is used to calculate the 2022 AIP award and, in part, the 2019 Corporate PSUs that vested in 2022.

Metric	2022 Corporate performance scorecard (%)				Contribution to corporate score (%)
	Weighting (%)	Range <sup>(1)</sup>		Actual result	
		(Low)	(High)		
Safety <sup>(2)</sup>	33.3	0	150	113	37.7
Adjusted EBITDA margin relative to peers <sup>(3)</sup>	33.3	10.5	23.1	20.2	29.5
ROCE relative to peers <sup>(3)</sup>	33.3	1.0	24.3	26.8	33.3
Total 2022 corporate performance score					100.5

#### Notes

- (1) The range represents the min / max of the disclosed industry peer group with contribution to corporate score reflecting our linear percentile positioning in that range multiplied by the weighting.
- (2) Safety performance is measured by TRIF. TRIF targets are not disclosed in this Circular for competitive reasons.
- (3) The constituents of the 2022 Corporate Scorecard Peer Group are listed above.

The following table details the 2022 AIP calculations and final award to each NEO. The total AIP score relative to the max opportunity demonstrates the correlation between pay and performance for each NEO.

The Company's practice is to limit the aggregate AIP award to 7.5% of Adjusted EBITDA (the "7.5% limit"), and any amounts, whether at, below or above are subject to review and approval by the Board. 2022 was a record year for STEP in terms of both financial and operational performance, and resulted in the AIP corporate scorecard of 100.5% and average individual performance of 100%. Therefore, the Board used informed judgement to approve additional AIP awards to high performing professionals.

Named executive	AIP opportunity (% of base earnings)	Corporate results (%) (AIP opportunity x corporate weight x corporate score)	Individual performance evaluation (%)	Individual results <sup>(1)</sup> (%) (AIP opportunity x individual weight x individual score)	Total AIP Award (%) (% of base earnings) <sup>(1)</sup>	Total AIP Award (\$) <sup>(2)</sup>
Stephen Glanville (President and CEO)	131	131x76.3x100.5	145	131x24x145	146	601,700
Regan Davis <sup>(3)</sup> (Former CEO)	150	150x80x100.5	100	150x20x100	151	753,000
Klaas Deemter (CFO)	108	108x75x100.5	145	108x25x145	120	363,300
Rory Thompson (COO)	93	93x74x103.7 <sup>(4)</sup>	145	93x26x145	106	325,500
Michael Burvill (VP, Business Development and Innovation)	70	70x70x100.5	100	70x30x100	70	237,120
Joshua Kane (VP, Legal and General Counsel)	60	60x70x100.5	133	60x30x133	66	150,800

#### Notes

- (1) AIP opportunity percentage is applied to actual 2022 base earnings for each NEO. Refer to the Summary compensation table for the 2022 base salary earnings of each NEO.
- (2) The Board applied discretion on additional funds allocated to high performing professionals which resulted the Total AIP Award being higher than the formulaic AIP calculations detailed above for some NEOs.
- (3) Mr. Davis was entitled to receive an AIP award for 2022 pursuant to his retirement agreement from STEP.

- (4) Mr. Thompson's AIP opportunity is based on the combined Corporate and Canadian scorecards due to his two roles in 2022.

### Long-term incentive plan

STEP's LTIP is designed to strengthen the alignment between executive compensation and the long-term interests of the shareholders.

Prior to May 2, 2017, STEP's LTIP was comprised of prior options and performance warrants.

STEP's LTIP is currently comprised of the following components, though not every component is granted each year:

- equity-settled RSUs and PSUs, pursuant to the PRSU Plan
- cash-settled Phantom RSUs and PSUs, pursuant to the Phantom Long-Term Incentive Plan ("Phantom PRSU Plan")
- options, pursuant to the Option Plan, and
- fixed cash awards, pursuant to the Fixed Award Long-Term Incentive Plan ("FALTIP"), a fixed cash plan approved by the Board on June 1, 2021.

The value of the above LTIP components, except the FALTIP, is at-risk given the realizable value is not guaranteed.

At the annual general and special meeting of shareholders held on May 5, 2020, the shareholders approved that the Option Plan and PRSU Plan be amended to include that the aggregate number of shares reserved for issuance under all security-based compensation agreements (as defined in the Option Plan and PRSU Plan) be 9.5% of the issued and outstanding shares, subject to a 5% limit on the number of shares reserved for issuance under the PRSU Plan, excluding the prior options and the performance warrants. Shares reserved for issuance pursuant to share units or options that are terminated or are cancelled without having been redeemed or exercised, as applicable, will again be available for issuance under the PRSU Plan or the Option Plan, respectively.

More specifically, the long-term incentive plan provides that:

- the maximum number of shares issuable to a reporting insider (as defined in the Canadian Securities Administrators National Instrument 55-104, *Insider Reporting Requirements and Exemptions*) within one year or at any time under all security-based compensation arrangements of STEP (excluding the prior options and performance warrants) shall not exceed 5% of the issued and outstanding shares from time to time (calculated on a non-diluted basis), provided that for the purpose of the foregoing limit any securities issued under any incentive plan of STEP prior to the holder becoming a reporting insider shall be excluded for the purposes the foregoing limit, and
- the maximum number of shares issuable to any one eligible holder (including a reporting insider) at any time under all security-based compensation arrangements of STEP (excluding the prior options and performance warrants) shall not exceed 5% of the issued and outstanding shares from time to time (calculated on a non-diluted basis).

The table below details the number of shares underlying outstanding grants of, and available for grant under, each type of share-based compensation plan on December 31, 2022.

Security	Number of shares underlying grants	Percentage of shares underlying grants (%) <sup>(1)</sup>	Number of shares available to grant	Percentage of shares available to grant (%)
Prior options	12,000	0 %	—	—
Performance warrants	25,000	0 %	—	—
PRSU Plan <sup>(2)</sup>	1,821,318	2.5 %	—	—
Option Plan	3,100,076	4.3 %	—	—
Total	4,958,894	6.9 %	1,879,620	2.6%

#### Notes

- (1) Percentages reflect undiluted percentages of the number of shares issued and outstanding December 31, 2022 of 71,589,626.  
(2) The multiplier used for calculating the number of shares underlying the PSUs is the target multiplier of 1x.

In connection with the retirement of Mr. Davis as STEP's CEO on September 30, 2022, the Company made amendments to his LTIP units awarded in and prior to 2022. The amendments permitted such RSUs, PSUs and options to continue in full force and effect after his departure (subject to existing vesting conditions) until the original expiry date as assigned to such securities at the time of the grant. Shareholder approval was not required to be obtained for these amendments as the terms of the applicable security-based compensation arrangements and the policies of the TSX permitted them to be made without obtaining such approval.

### Benefits and perquisites

The C&CG Committee annually reviews the benefits provided to NEOs, which are generally the same as those provided to other employees of STEP. We offer perquisites to the NEOs when we believe such perquisites are market-competitive and promote the retention of or promote the enhanced performance by the NEOs.

In 2022, NEOs' perquisites and benefits included a company vehicle or allowance, parking, fitness membership subsidy, health and dental benefits and retirement savings contributions.

STEP does not have a pension plan.



### Former long-term incentive plan

In 2017, STEP discontinued the use of performance warrants and introduced PSUs and RSUs. In addition, STEP discontinued the granting of options under the Prior Plan and adopted the Option Plan. Performance warrants and Prior Plan options will remain available to exercise under their original terms.

Former long-term incentive plan components		
Plan	Pre-IPO up to May 1, 2017	After May 2, 2017
<b>Prior options</b>	<p>Granted to provide an incentive to directors, executives and employees to achieve the longer-term objectives of STEP and attract and retain the talent required for STEP to execute the long-term strategy.</p> <p><b>Quantity:</b> based on individual position, performance, market conditions, stock price and availability for grant.</p> <p><b>Term:</b> five years for Canadian holders; seven years for U.S. holders.</p> <p><b>Vest:</b> one-third on each of the first three anniversaries of grant date.</p> <p><b>Adjustments made:</b></p> <ul style="list-style-type: none"> <li>the expiry dates of prior options that were set to expire in 2016 were extended to April 2, 2020, and</li> <li>the expiry dates of prior options that were set to expire prior to November 2017 were extended to November 7, 2017.</li> </ul>	<p>No further grants and any outstanding prior options will vest and be exercisable based on terms of Prior Plan.</p> <p>Prior options may also be exercised on a cashless basis, either through a broker-initiated short sale process or by surrendering their prior options and receiving shares for the in-the-money value.</p>
<b>Performance warrants</b>	<p>Performance warrants were historically granted in order to attract, retain and motivate directors, the executive team and employees to grow the equity of STEP by providing an opportunity to acquire an interest in STEP subject to a high level of share price performance.</p> <p>Each performance warrant is exercisable upon vesting for a common share upon payment of the applicable exercise price.</p> <p><b>Quantity:</b> based on individual position, performance, market conditions, stock price and availability for grant.</p> <p><b>Term:</b> five years for Canadian holders; seven years for U.S. holders.</p> <p><b>Vest:</b> one-fifth on each of the first five anniversaries of grant dates.</p> <p><b>Adjustments Made:</b></p> <ul style="list-style-type: none"> <li>the expiry dates of performance warrants that were set to expire in 2016 were extended to April 2, 2020, and</li> <li>the expiry dates of performance warrants that were set to expire prior to November 2017 were extended to November 7, 2017.</li> </ul>	<p>No further grants and any outstanding performance warrants will vest and be exercisable based on terms of the performance warrant agreement.</p> <p>Performance warrants may also be exercised on a cashless basis whereby the holder surrenders their performance warrants and receives shares for the in-the-money value.</p>

## Current long-term incentive plan components

### Option Plan

In connection with the IPO, STEP adopted the Option Plan, which superseded the Prior Plan and allows for the grant of options to executives, employees and consultants of STEP. The objective of the Option Plan is continuing to provide an incentive to achieve the longer-term objectives of STEP and attract and retain the talent required to execute our strategy.

The Board has the authority to determine the terms and conditions of the Option Plan or any option granted thereunder, as outlined in table below.

Option Plan	
<b>Eligibility</b>	Any officer, employee or consultant of STEP or a subsidiary of STEP as determined by the Board. Non-executive directors are not eligible to receive options.
<b>Granting</b>	<p><b>Price:</b> provided that the exercise price per common share of each option must not be less than the market price of the common shares at the time of the grant.</p> <p><b>Cashless options:</b> Options may be exercised on a cashless basis whereby the holder surrenders their options and receives shares for the in-the-money value.</p> <p><b>Term:</b> unless an earlier expiry date is determined by the Board, all options will expire on the fifth anniversary of the date of grant, subject to earlier termination in the event the holder ceases to be an executive team member, employee or consultant of STEP or if the Board determines, in its sole discretion, to accelerate the expiry time in connection with a "change of control" (as defined in the Option Plan).</p> <p><b>Vesting:</b> options will vest as to one-third of the total grant on each of the first three anniversaries of the grant date, or as otherwise set out by the Board in the applicable grant agreement.</p> <p><b>Accelerated vesting:</b> except as otherwise provided by the Option Plan, upon the occurrence of a change of control, vesting of options will accelerate only if: (a) the continuing or successor entity fails to substitute or replace the options with stock options of such continuing or successor entity on the same terms and conditions as the options, or (b) within 12 months of the change of control, the service, consulting arrangement or employment is terminated other than for cause or the holder of the options resigns for good reason.</p> <p><b>Status changes:</b> vested options held by a holder who ceases to be an eligible participant under the Option Plan: (a) due to termination for cause, terminate 10 days after the last date the holder was actively at work for STEP, (b) due to death or disability, terminate 180 days after the last date the holder was actively at work for STEP, and (c) for any reason other than termination for cause, death or disability, terminate 30 days after the last date the holder was actively at work for STEP.</p>
<b>Administration</b>	The Option Plan is reviewed by the Board, which may delegate authority over the administration and operation of the Option Plan to a committee.
<b>Plan Limits</b>	The number of shares reserved for issuance under the Option Plan and all other security-based compensation arrangements shall not exceed 9.5 percent of the issued and outstanding shares on a non-diluted basis at any time.
<b>Insider Participation Limits</b>	The maximum number of shares issuable to insiders under the Option Plan and all other security-based compensation arrangements at any time and within any one year period is 9.5 percent, provided that the maximum number of shares issuable to any one participant at any time under the Option Plan and all other security-based compensation arrangements is 5 percent.

Option Plan	
<b>Amendments without shareholder approval</b>	<p>Subject to the applicable rules of the TSX, the Board may, from time to time, in its absolute discretion and without the approval of the shareholder, make amendments to the Option Plan or any option including, without limitation, any amendment:</p> <ul style="list-style-type: none"> <li>• to the vesting provisions of the Option Plan and any option agreement, including to accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of an option</li> <li>• to the Option Plan or an option as necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over STEP, the Option Plan or the shareholders</li> <li>• to the Option Plan and any option agreement to permit the conditional exercise of any option, on such terms as it sees fit</li> <li>• of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Option Plan, correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan, correct any grammatical or typographical errors or amend the definitions in the Option Plan regarding administration of the Option Plan</li> <li>• respecting the administration of the Option Plan, and</li> <li>• in connection with a change of control so as to assist the holders to tender the underlying common shares to, or participate in, the actual or potential event or to obtain the advantage of holding the underlying common shares during such event and to terminate, following the successful completion of such event, on such terms as it sees fit, the options not exercised prior to the successful completion of such event.</li> </ul>
<b>Amendments requiring shareholder approval</b>	<p>Approval of the shareholders will be required for the following amendments to the Option Plan or any option:</p> <ul style="list-style-type: none"> <li>• any increase in the number of common shares reserved for issuance under the Option Plan</li> <li>• any amendment to increase or remove the insider participation limits set forth in the Option Plan</li> <li>• any reduction in the exercise price per common share of a option, cancellation and reissue of options or substitution of options with cash or other awards on terms that are more favourable to the holders</li> <li>• any extension of the expiry of an option, except as otherwise provided by the Option Plan</li> <li>• any amendment that would permit options to be transferable or assignable other than for normal estate settlement purposes</li> <li>• any amendment that would materially modify the eligibility requirements for participation in the Option Plan, and</li> <li>• any amendment with respect to any of the amending provisions of the Option Plan.</li> </ul>

Subject to the foregoing amendment provisions, the Board may, at any time and from time to time, without the approval of the holders of shares, suspend, discontinue or amend the Option Plan or an option, provided that unless grantees holding at least 75% of the options then issued and outstanding otherwise consent in writing, the Board may not suspend, discontinue or amend the Option Plan or amend any outstanding option in a manner that would materially adversely affect any option previously granted to a grantee under the Option Plan, and any such suspension, discontinuance or amendment of the Option Plan or amendment to an option shall apply only in respect of options granted on or after the date of such suspension, discontinuance or amendment.

### Performance and restricted share unit plans

The PRSU Plan and the Phantom PRSU Plan are similar in that they both govern the granting of PSUs and RSUs, however, the units granted under the PRSU Plan are equity-settled and the units granted under the Phantom PRSU Plan are cash-settled. The Board may, from time to time, determine those eligible persons of STEP who will receive a grant of units under these plans, however non-executive Board members do not participate in these plans.

STEP's PRSU Plan and Phantom PRSU Plan objectives include:

- support the achievement of STEP's annual and long-term performance objectives
- ensure that interests of participants are aligned with the long-term success of STEP
- provide compensation opportunities to attract, retain and motivate key personnel critical to the long-term success of STEP, and
- mitigate excessive risk-taking by STEP's key employees.

The specifics of the Board authority related to the PRSU Plan are outlined in the table below.

PRSU Plan	
<b>Eligibility</b>	Any employee or officer of STEP and any of its affiliates, as designated by the Board from time to time.
<b>Administration</b>	<p>The PRSU Plan is administered by the Board. The Board has full and final discretion to interpret the provisions of the PRSU Plan and to prescribe, amend, rescind and waive any rules and regulations implemented by the Board to govern the administration and operation of the PRSU Plan, subject to any other limitations on STEP.</p> <p>Notwithstanding the foregoing or any other provision contained herein, the Board has the right to delegate the administration and operation of the PRSU Plan to a committee of directors appointed from time to time by the Board.</p>
<b>Plan Limits</b>	The number of shares reserved for issuance under the PRSU Plan shall not exceed 5 percent of the issued and outstanding shares on a non-diluted basis at any time.
<b>Insider Participation Limits</b>	The maximum number of shares issuable to insiders under the PRSU Plan and all other security-based compensation arrangements at any time and within any one year period is 9.5 percent, provided that the maximum number of shares issuable to any one participant at any time under the PRSU Plan and all other security-based compensation arrangements is 5 percent.
<b>Amendments without shareholder approval</b>	<p>The Board has authority to make amendments with respect to the following matters without shareholder approval, subject to TSX requirements:</p> <ul style="list-style-type: none"> <li>• correcting any defect or supply any omission or reconcile any inconsistency in the PRSU Plan</li> <li>• amending, suspending or terminating the PRSU Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX)</li> <li>• any amendment to the vesting provisions of the PRSU Plan and any grant agreement, including to accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of a share unit</li> <li>• any amendment to the PRSU Plan or a share unit as necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over STEP, the PRSU Plan or the shareholders</li> <li>• any amendment to the PRSU Plan and any grant agreement to permit the conditional redemption of any share unit</li> <li>• any amendment of a housekeeping nature, including, without limitation, to clarify the meaning of an existing provision of the PRSU Plan, correct or supplement any provision of the PRSU Plan that is inconsistent with any other provision of the PRSU Plan, correct any grammatical or typographical errors or amend the definitions in the PRSU Plan regarding administration of the PRSU Plan</li> <li>• any amendment respecting the administration of the PRSU Plan, and</li> <li>• any other amendment that does not require the approval of the shareholders including, for greater certainty, an amendment in connection with a change of control to assist the participants of the PRSU Plan to tender the underlying common shares to, or participate in, the actual or potential event or to obtain the advantage of holding the underlying common shares during such event, and to terminate, following the successful completion of such event, on such terms as it sees fit, the share units not redeemed prior to the successful completion of such event.</li> </ul>
<b>Amendments requiring shareholder approval</b>	<p>Approval of the shareholders will be required for the following amendments:</p> <ul style="list-style-type: none"> <li>• any increase in the maximum number of shares reserved for issuance under the PRSU Plan</li> <li>• any amendment to increase or remove the insider participation limits</li> <li>• any amendment expanding the categories of eligible person</li> <li>• any amendment extending the term of a share unit or any rights pursuant thereto held by an insider beyond its original expiry date</li> <li>• any amendment that would permit share units to be transferable or assignable other than for normal estate settlement purposes, and</li> <li>• amendments to the amending provision within the PRSU Plan.</li> </ul>
<b>Adjustments</b>	The Board may make such proportionate adjustments as it deems appropriate to the number and kind of shares authorized by the PRSU Plan, to the kind of shares or other securities covered by grants of share units under the PRSU Plan and in the number of share units and dividend share units provided in the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than

PRSU Plan	
	nominal cash dividends) of STEP's assets to shareholders, or any other change in the capital of STEP affecting common shares, provided that no substitution or adjustment will obligate STEP to issue or sell fractional shares.

Subject to the foregoing amendment provisions and applicable law, the Board may amend, suspend or terminate the PRSU Plan or any portion thereof. If the PRSU Plan is terminated, the provisions of the PRSU Plan and any administrative guidelines, and other rules adopted by the Board and in force at the time of the PRSU Plan, will continue in effect as long as a share unit or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the PRSU Plan, the Board may make any amendments to the PRSU Plan or the share units it would be entitled to make if the PRSU Plan were still in effect.

The Board may also amend or modify any outstanding share unit in any manner to the extent that the Board would have had the authority to initially grant the award as so modified or amended; provided that, where such amendment or modification is materially adverse to the holder, the consent of the holder is required to effect such amendment or modification.

The specifics of the Board authority related to the Phantom PRSU Plan are outlined in the table below.

Phantom PRSU Plan	
<b>Administration</b>	<p>The Phantom PRSU Plan is administered by the Board. The Board has full and final discretion to interpret the provisions of the Phantom PRSU Plan and to prescribe, amend, rescind and waive any rules and regulations implemented by the Board to govern the administration and operation of the Phantom PRSU Plan, subject to any other limitations on STEP.</p> <p>Notwithstanding the foregoing or any other provision contained herein, the Board has the right to delegate the administration and operation of the Phantom PRSU Plan to a committee of directors appointed from time to time by the Board.</p>
<b>Amendments</b>	<p>The Board has authority to amend, suspend or terminate the Phantom PRSU Plan, or any portion thereof, at any time, provided that any such amendment, suspension or termination that would impair the rights of any participant shall not be effective without the written consent of the affected participant. If the Phantom PRSU Plan is terminated, the provisions of the Phantom PRSU Plan and any administrative guidelines, and other rules adopted by the Board and in force at the time of the Phantom PRSU Plan, will continue in effect as long as a phantom share unit or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Phantom PRSU Plan, the Board may make any amendments to the Phantom PRSU Plan or the phantom share units it would be entitled to make if the Phantom PRSU Plan were still in effect.</p> <p>The Board may also amend or modify any outstanding phantom share unit in any manner to the extent that the Board would have had the authority to initially grant the award as so modified or amended; provided that, where such amendment or modification is materially adverse to the holder, the consent of the holder is required to effect such amendment or modification.</p>
<b>Adjustments</b>	<p>The Board may make such proportionate adjustments as it deems appropriate to the number and kind of shares or other securities on which the value of the phantom share units and dividend phantom share units are based in the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of STEP's assets to shareholders, or any other change in the capital of STEP affecting common shares.</p>

The table below outlines STEP's PSU program and applies to grants under the PRSU Plan and the Phantom PRSU Plan.

PSU program	
<b>Purpose</b>	PSUs provide a tool to directly link pay and performance over the longer term.
<b>Eligibility</b>	PSUs can be awarded to NEOs and individuals holding a Vice-President title.
<b>Vesting</b>	Three-year cliff vesting.
<b>Accelerated vesting</b>	Except as otherwise provided by the PRSU Plan or Phantom PRSU Plan, upon the occurrence of a change of control, vesting of PSUs will accelerate only if: (a) the continuing or successor entity fails to substitute or replace the PSUs with units of such continuing or successor entity on the same terms and conditions as the PSUs, or (b) within 12 months of the change of control, the service, consulting arrangement or employment is terminated other than for cause or the holder of the PSUs resigns for good reason.

<b>Status changes</b>	Vested PSUs held by a holder who ceases to be an eligible participant under the PRSU Plan or Phantom PRSU Plan: (a) due to termination for cause: terminate 10 days after the last date the holder was actively at work for STEP, (b) due to death or disability: terminate 180 days after the last date the holder was actively at work for STEP, and (c) for any reason other than termination for cause, death or disability: terminate 30 days after the last date the holder was actively at work for STEP.
<b>Award cycle</b>	Board will determine annual grants following the release of year-end financial statements.
<b>Performance multiplier</b>	<p>The performance multiplier applied to vested PSUs is based on the following performance criteria: PSUs granted in 2019 and prior originally applied an adjustment factor to the three-year average corporate performance score. If the three-year average corporate score was: (i) &lt;50%, then a 1.0x adjustment factor was applied to the three-year average to obtain the multiplier, (ii) &gt;= 50% and &lt;75%, then a 1.5x adjustment factor was applied to the three-year average to obtain the multiplier, and (iii) &gt;=75%, then a 2.0x adjustment factor was applied to the three-year average to obtain the multiplier.</p> <p>In 2020, the Board reviewed the corporate scorecard measures, historical performance, ability to meet the targeted performance levels, and the impact on the multiplier. The formulaic calculation with the adjustment factor was deemed too punitive to the multiplier effect.</p> <p>Therefore, effective for grants 2018 and forward, the Board approved removal of the adjustment factor. A 2.0x factor is applied to the three-year average corporate performance score, to obtain a linear performance multiplier of 0 to 200%.</p> <p>Beginning in 2020, the corporate scorecard metrics of Adjusted EBITDA margin and ROCE measured relative to STEP's AIP Corporate Scorecard Peer Group. Safety will continue to be measured against internal targets approved by the Board.</p>
<b>Details and expiry</b>	Each unit granted to a participant under the PRSU Plan or Phantom PRSU Plan is credited to the participant's unit account on the grant date. Share units and Phantom Share Units are exercised and automatically expire on the vesting date.
<b>Dividend PSU</b>	From time to time, a participant's unit account will be credited with additional units in the form of Dividend PSUs on each dividend payment date in respect of which dividends are paid in the ordinary course on common shares. Such Dividend PSUs are computed as the amount of any such dividend declared and paid per common share multiplied by the number of PSUs recorded in the participant's unit account on the record date for the payment of such dividend, divided by the market share price as at the dividend payment date. Dividend PSUs are deemed to have a performance multiplier of 1.0x.
<b>PRSU Plan - other</b>	<p>Canadian participants may elect at any time to redeem vested units on any date or dates after the date the units become vested and on or before the expiry date. U.S. participants shall elect to redeem vested units in accordance with the terms of the PRSU Plan or Phantom PRSU Plan.</p> <p>For so long as the rules of the TSX so require, all unallocated share units will be subject to renewal approval by the holders of the common shares at an annual general meeting of such shareholders held within three years following the listing of the common shares on the TSX and at each annual general meeting of such shareholders every three years after such meeting. Following the Meeting this year, the next such vote will be no later than the annual meeting of the shareholders in 2026.</p>

The table below outlines STEP's RSU program and applies to grants under the PRSU Plan and the Phantom PRSU Plan.

<b>RSU program</b>	
<b>Purpose</b>	STEP offers RSUs for select eligible employees which provides a competitive LTIP for purposes of retention and alignment with share price performance.
<b>Eligibility</b>	Executives, management and certain other corporate and field management professionals.
<b>Vesting</b>	<p>Three-year ratable vesting, one-third of the total grant on each of the first three anniversaries of the grant date.</p> <p>Dividend RSUs vest at the same time and in the same proportion as the associated RSUs.</p>
<b>Accelerated vesting</b>	Except as otherwise provided by the PRSU Plan, upon the occurrence of a change of control, vesting of RSUs will accelerate only if: (a) the continuing or successor entity fails to substitute or replace the RSUs with share units of such continuing or successor entity on the same terms and conditions as the RSUs, or (b) within 12 months of the change of control, the service, consulting arrangement or employment is terminated other than for cause or the holder of the RSUs resigns for good reason.

RSU program	
<b>Status changes:</b>	Vested RSUs held by a holder who ceases to be an eligible participant under the PRSU Plan: (a) due to termination for cause terminate 10 days after the last date the holder was actively at work for STEP, (b) due to death or disability terminate 180 days after the last date the holder was actively at work for STEP, and (c) for any reason other than termination for cause, death or disability terminate 30 days after the last date the holder was actively at work for STEP.
<b>Award cycle</b>	Board will determine annual grants following the release of year-end financial statements.
<b>Dividend RSU</b>	From time to time, a participant's share unit account will be credited with additional share units in the form of Dividend RSUs on each dividend payment date in respect of which dividends are paid in the ordinary course on common shares. Such Dividend RSUs are computed as the amount of any such dividend declared and paid per common share multiplied by the number of RSUs recorded in the participant's share unit account on the record date for the payment of such dividend, divided by the market share price as at the dividend payment date.

### Fixed award long-term incentive plan (FALTIP)

The Board adopted the FALTIP pursuant to which the Board may, from time to time, determine those eligible persons of STEP who will receive a FALTIP grant, however non-executive Board members do not participate in this plan.

The FALTIP has the following objectives:

- provide compensation opportunities to attract, motivate, and retain personnel key to the long-term success of STEP
- ensure that interests of participants are aligned with the success of STEP, and
- mitigate risk of compensation affordability in connection with the potential for a fluctuating share price.

The specifics of the Board authority related to the FALTIP are outlined in the table below.

FALTIP	
<b>Administration</b>	<p>The FALTIP is administered by the Board. The Board has full and final discretion to interpret the provisions of the FALTIP and to prescribe, amend, rescind and waive any rules and regulations implemented by the Board to govern the administration and operation of the FALTIP, subject to any other limitations on STEP.</p> <p>Notwithstanding the foregoing or any other provision contained herein, the Board has the right to delegate the administration and operation of the FALTIP to a committee of directors appointed from time to time by the Board.</p>
<b>Amendments</b>	<p>The Board has authority to amend, suspend or terminate the FALTIP, or any portion thereof, at any time, provided that any such amendment, suspension or termination that would impair the rights of any participant shall not be effective without the written consent of the affected participant. If the FALTIP is terminated, the provisions of the FALTIP and any administrative guidelines, and other rules adopted by the Board and in force at the time of the FALTIP, will continue in effect as long as any FALTIP or rights pursuant thereto remain outstanding. However, notwithstanding the termination of the FALTIP, the Board may make any amendments to the FALTIP, or FALTIP granted thereunder, it would be entitled to make if the FALTIP were still in effect.</p> <p>The Board may also amend or modify any outstanding FALTIP in any manner to the extent that the Board would have had the authority to initially grant the award as so modified or amended; provided that, where such amendment or modification is materially adverse to the holder, the consent of the holder is required to effect such amendment or modification.</p>

The table below outlines STEP's FALTIP program.

FALTIP	
<b>Purpose</b>	FALTIP awards provide a tool to attract, motivate, and retain personnel.
<b>Eligibility</b>	Executives, management and certain other corporate and field management professionals.

FALTIP	
<b>Vesting and Expiry</b>	<p>Vesting of the FALTIP awards occurs on the date (or dates) stipulated in the applicable grant agreement. In certain circumstances the Board may grant participants an option to elect from a number of stipulated vesting schedules. For example, the Board may allow a participant to choose between: (i) an award of a stipulated amount that fully vests on the first anniversary of the grant date; or (ii) an award that is a higher amount (than the stipulated one-year award amount), but which vests over a period of three years (40%, 30%, 30% of the increased amount per year).</p> <p>In the event of a change of control, all FALTIP grants then outstanding will be assumed by the surviving corporation, and if the continuing entity has failed to assume the FALTIP or if a change of control occurs on account of the consummation by the Company of a liquidation, dissolution or winding-up of the Company, then all outstanding FALTIP will become fully vested and nonforfeitable upon the occurrence of the change of control, and payment with respect to all such outstanding FALTIP will be made in a lump sum cash payment, less applicable withholdings, within 30 days of the occurrence of the change of control. If within 12 months of the change of control, STEP or the continuing entity terminates the participant's employment without just cause, or the participant resigns from their employment for good reason, all outstanding FALTIP then held by such participant will become fully vested and nonforfeitable and payment with respect to all such outstanding FALTIP will be made in a lump sum cash payment, less applicable withholdings.</p>
<b>Award cycle</b>	Board will determine annual grants following the release of year-end financial statements.



## Long-term incentive plan – 2022 award components

The following table details the actual LTIP awards during 2022. The LTIP award levels and mix were designed to manage consumption of the available equity pool. The 2022 LTIP mix was 60% equity-settled RSUs, 20% equity-settled PSUs, and 20% options.

Named executive	LTIP (% of base salary) (%) <sup>(1)</sup>	RSU grant (units) <sup>(2)</sup>	RSU grant (\$)	Options granted (units) <sup>(3)</sup>	Options granted (\$)	PSU grant (units) <sup>(4)</sup>	PSU Grant (\$)
Stephen Glanville <sup>(5)</sup> (President and CEO)	139	75,055	346,404	41,845	115,706	25,019	115,471
Regan Davis (Former CEO)	150	97,303	449,540	54,406	150,161	32,434	149,845
Klaas Deemter <sup>(6)</sup> (CFO)	108	43,912	202,797	24,527	67,742	14,637	67,597
Rory Thompson (COO)	115	46,001	212,029	25,550	70,821	15,334	70,678
Michael Burvill (VP, Business Development and Innovation)	70	30,245	139,732	16,911	46,674	10,082	46,579
Joshua Kane (VP, Legal and General Counsel)	70	20,888	96,503	11,679	32,234	6,963	32,169

### Notes

- (1) Refer to the Named executive biographies section for the 2022 base salary of each NEO. For Mr. Burvill, the LTIP award values are converted to CAD at the grant date USD 1.00:CAD 1.28.
- (2) The number of RSUs granted was determined by dividing the target award value by the grant date fair value of the common shares, being the 5-day VWAP as follows: for Messrs. Glanville, Deemter and Thompson, as at May 19, 2022 of \$4.62 and October 3, 2022 of \$4.55; for Messrs. Davis, Burvill and Kane, as at May 19, 2022 of \$4.62.
- (3) The number of options granted was determined using the Black-Scholes pricing model with an expected life of five years, the 5-year volatility of our closest industry peers yielding a volatility factor of 70.17-73.71% and a risk-free rate of 2.73-3.25%. The Black-Scholes values on grant date were as follows: for Messrs. Glanville, Deemter and Thompson as at May 19, 2022 was \$2.76 and October 3, 2022 was \$2.84; for Messrs. Davis, Burvill and Kane as at May 19, 2022 of \$2.76.
- (4) The number of PSUs granted was determined by dividing the target award value by the grant date fair value of the common shares, being the 5-day VWAP as follows: for Messrs. Glanville, Deemter and Thompson, as at May 19, 2022 of \$4.62 and October 3, 2022 of \$4.55; for Messrs. Davis, Burvill and Kane, as at May 19, 2022 of \$4.62.
- (5) In conjunction with Mr. Glanville's promotion to President and CEO effective October 1, 2022, the Board approved an increase to his LTIP opportunity to 150% from 135%, therefore his LTIP reflects the prorated amount of 139%.
- (6) Effective March 14, 2022, the Board approved an increase to Mr. Deemter's LTIP opportunity from 100% to 110%, therefore his LTIP reflects the prorated amount of 108%.

## Phantom PSUs granted in prior years

The performance multiplier for the 2019 Corporate PSUs that cliff-vested on May 15, 2022, based on performance for 2019, 2020 and 2021 was 110.12%, as follows:

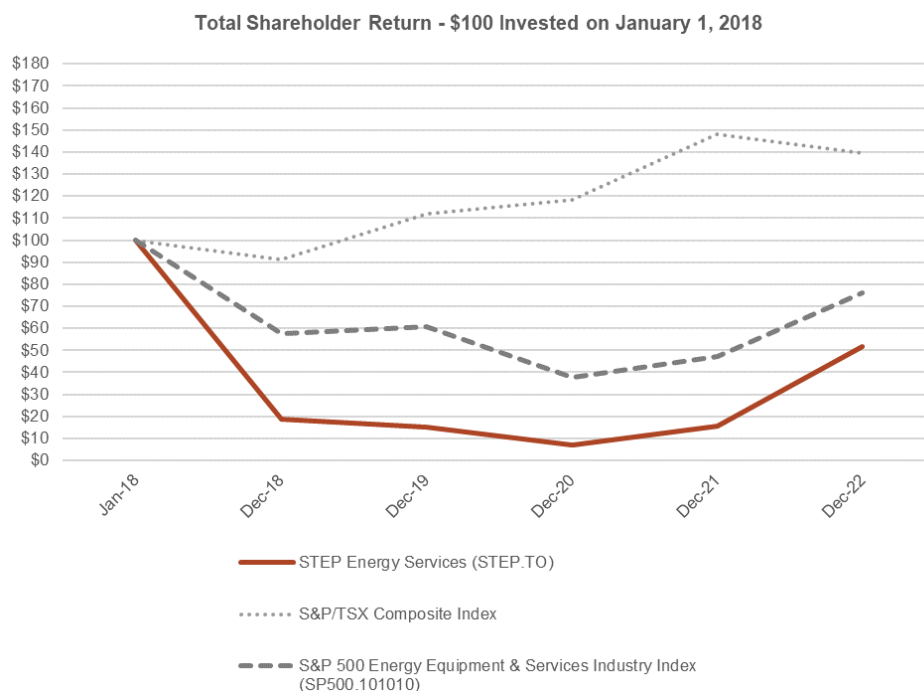
Year	3-year average of corporate score (%) (0 to 100%)	Adjustment Factor	2019 Corporate PSUs Performance Multiplier <sup>(1)</sup> 0 - 200%
2019 <sup>(2)</sup>	28.89 %		
2020 <sup>(3)</sup>	52.30 %		
2021 <sup>(4)</sup>	84.00%		
	55.06%	2.0x	110.12%

### Notes

- (1) The Performance Multiplier is calculated in a linear fashion from 0 to 200%.
- (2) See STEP's management information circular dated March 12, 2020 for more information.
- (3) See STEP's management information circular dated March 23, 2021 for more information.
- (4) See STEP's management information circular dated April 25, 2022 for more information.

## Total shareholder return

The following graph shows the total cumulative return on a \$100 investment in STEP shares compared to the cumulative total return of the S&P/TSX Composite and S&P 500 Energy Equipment & Services Industry indices over the 5-year period from January 1, 2018 to December 31, 2022.



The majority of STEP's executive compensation is designed to be in the form of AIP and LTIP and is at-risk depending on the achievement of performance metrics which are designed to incentivize achievement of STEP's strategic objectives and to ensure executive compensation reflects STEP's performance relative to its peer group. STEP considers it appropriate that such performance metrics reflect those aspects of STEP's financial, operational and safety performance that best align with the long-term success of STEP. While these metrics may not always be reflected in or directly correlated to the trading price of STEP's shares, STEP's safety (TRIF) and financial performance (Adjusted EBITDA margin relative to peers and ROCE relative to peers) are heavily emphasized in the corporate scorecard performance metrics. Revenue growth was a metric in the corporate scorecard from 2017 to 2019 and removed from 2020 forward. The AIP awards reflect actual corporate performance and the LTIP grant values have varied over the past few years in line with corporate and industry performance, therefore as a result, the value of executive compensation generally fluctuates with STEP's financial performance. The increase in the 2021 NEO Total Compensation reflects the partial reinstatement of salaries, AIP and LTIP awards due to the improvement in both STEP's financial performance as well as the recovery in the North American oil and gas sector. In 2022, STEP had the best performance in its' peer group for ROCE and was second for Adjusted EBITDA margin, hence the relative increase in incentive pay. Refer to the *Executive Compensation Discussion and Analysis – Components and pay mix* section for additional details regarding the performance metrics applicable to STEP's executive compensation.

## EXECUTIVE COMPENSATION – 2022 DETAILS

### Overview

In assessing the performance of each NEO for 2022, the President and CEO as well as the C&CG Committee considered the following performance criteria:

- NEO's contributions to the development and execution of STEP's business plans and strategies
- performance of the NEO's functional area
- achievement of the NEO's top priorities
- level and scope of responsibility
- demonstrated leadership ability
- demonstrated commitment to STEP 's vision and values, and
- work ethic.

### Summary of 2022 goals and achievements

The Board worked with STEP's current and former CEOs to set specific strategic goals for 2022. In addition to providing leadership and oversight to the numerous accomplishments in the calendar year, highlights of NEO performance and the execution of our strategic initiatives are as follows:

Corporate Goal	2022 Achievements
<b>STEP will remain vigilant in our pursuit of safe operations and commitment to achieving goal zero.</b>	<p>Ended the year with exceptional safety metrics, reducing Total Recordable Incident Rate by over 20% year over year as we continue to strive for Goal Zero.</p> <ul style="list-style-type: none"> <li>• Reduction of corporate TRIF/TRIR from 0.98 with 2.8-million-man hours (2021) to 0.74 with 3.8-million-man hours (2022)</li> </ul>
<b>STEP will attract and retain qualified professionals and implement initiatives to deepen our culture ensuring all professionals feel a genuine connection to their jobs, our Company and each other.</b>	<p>Focused on investing in our people to help attract and retain talented, top-tier professionals</p> <ul style="list-style-type: none"> <li>• Launched an enterprise-wide initiative to reduce turnover; increased headcount by 22% and reduced voluntary turnover from 36% to 30% in 2022.</li> <li>• Administered an employee engagement survey which indicated that 90% of our professionals are highly engaged (based on a response rate of 82%).</li> <li>• Reinstated learning programs such as driver mentoring and leadership development along with initiatives to enhance our culture and values.</li> <li>• Restored and enhanced compensation features which helped to promote engagement and the exceptional employee experience for our professionals.</li> </ul>
<b>STEP will increase utilization, diversify our service offerings with existing asset base and deliver services that exceed our clients' expectations.</b>	<p>Expanded service offering, delivered best-in-class service to clients, and diversified the client base across different service offerings, in both Canada and U.S.:</p> <ul style="list-style-type: none"> <li>• Grew U.S. coiled tubing business through the acquisition of four high-spec, ultradeep capacity coiled tubing units, ancillary equipment and personnel from ProPetro Holding Corp. ("ProPetro"), a leading Permian Basin energy services company; this acquisition makes STEP the largest coiled tubing service provider in North America.</li> <li>• Operated three fracturing fleets and 11 coiled tubing units in the U.S. to meet growing market demand and ensured steady utilization across all service lines; in Canada operated five fracturing fleets and eight coiled tubing units to meet client demand.</li> <li>• Increased market share in midstream and industrial services sector.</li> </ul>
<b>STEP will leverage possibility thinking and technology to reduce costs and improve efficiencies in our business.</b>	<p>Managed challenging inflationary environment that impacted every cost category in the value chain:</p> <ul style="list-style-type: none"> <li>• Worked closely with clients to adjust program costs, often in real-time, while proactively managing internal costs and finding efficiencies to further off-set rising costs.</li> <li>• Focused on quality and execution to improve operational efficiencies and reduce non-productive time.</li> <li>• Further enterprise adoption of quality management systems to drive execution and continuous improvement within various business lines; this resulted in tangible improvements to operational performance by way of</li> </ul>

incident reduction, improving process flow, enabling better decision-making and reducing risk of non-compliance and associated penalties in our coiled tubing, fracturing service and department of transportation groups.

<b>STEP will maintain our diligent focus on debt reduction.</b>	<p>Maintained a diligent focus on capital discipline throughout the year and achieving debt reduction:</p> <ul style="list-style-type: none"> <li>• Significant progress was made on debt reduction, reducing net debt by \$44.7 million and an increase in working capital by \$62.7 million, while also investing into the long-term sustainability of the business.</li> <li>• Lead our peer group in share price performance – \$1.61/share (2021) – \$5.33/share (2022).</li> </ul>
<b>STEP will seek new opportunities that will allow the Company to participate in energy transition initiatives.</b>	<p>Explored opportunities to participate in the energy transition improve sustainability, reduce the carbon intensity of our operations and enhance our reputation as a responsible energy services provider:</p> <ul style="list-style-type: none"> <li>• Secured a novel partnership agreement with a Canadian client to facilitate the expansion of the organization's fleet of Tier 4 dynamic gas blending hydraulic fracturing pumps. The investment in ESG-related initiatives reflects our shared commitment to lower emissions, fuel consumption and overall carbon footprint while improving efficiencies within our operations.</li> <li>• Expanded our commitment to lowering the carbon intensity of our operations; by year-end, STEP's fleet of dual-fuel equipment (including Tier 2 and Tier 4) represented 43% of total horsepower.</li> <li>• Published inaugural ESG Report.</li> </ul>

## Named executive biographies

The profiles below for each NEO provide a summary of total direct compensation awarded in 2022:



**Stephen Glanville**  
President and Chief  
Executive Officer  
Calgary, Alberta, Canada  
Age: 51  
Date of hire: March 21,  
2011

As the CEO of STEP, Mr. Glanville is responsible for the overall leadership of STEP and, in collaboration with the Board, for setting the strategic direction and vision, managing STEP's reputation and relationships with stakeholders and for the overall performance and long-term sustainable success of the Company. Also refer to Mr. Glanville's profile in *The nominated directors* section.

Compensation	2022	2021
Salary	\$412,692 <sup>(1)</sup>	\$367,373 <sup>(1)</sup>
Pay at risk		
AIP	\$601,700 <sup>(2)</sup>	\$334,576
LTIP – PSUs	\$115,471	–
LTIP – RSUs	\$346,404	\$126,821
LTIP – options	\$115,706	\$126,821
LTIP – FALTIP	–	\$108,703
Total direct compensation	\$1,591,973	\$1,064,294
Share ownership guidelines <sup>(3)</sup>		

Ownership under the guidelines			
Minimum level of ownership	Minimum value <sup>(4)</sup>	Actual value <sup>(5)</sup>	Total ownership as a multiple of base salary
3x	\$1,380,000	\$1,658,977	3.6x

### Notes

- (1) Denotes actual 2021 and 2022 base earnings. Effective October 1, 2022, Mr. Glanville's salary was increased from \$400,000 to \$460,000 due to his promotion to President and Chief Executive Officer.
- (2) 2022 AIP award was earned in 2022 and paid in Q2 2023. Mr. Glanville's annual incentive plan target was increased from 125 to 150% of base salary effective October 1, 2022.
- (3) See the Executive share ownership guidelines section for more details.
- (4) Calculated using a base salary of \$460,000 as at December 31, 2022.
- (5) Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition and the closing market share price on December 30, 2022 of \$5.33.



**Regan Davis**  
Former Chief Executive  
Officer  
Calgary, Alberta, Canada  
Age: 58  
Date of hire: March 21,  
2011

Mr. Davis was the CEO of STEP from March 2011 to September 30, 2022, and President from December 2013 to June 30, 2021. During his role Mr. Davis was responsible for the overall leadership of STEP and, in collaboration with the President and the Board, led the strategic direction, values, culture and growth plans of the organization. This also included marketing and investor relations to create long-term sustainable value for STEP and its shareholders.

Compensation	2022	2021
Salary	\$500,000 <sup>(1)</sup>	\$498,077 <sup>(1)</sup>
Pay at risk		
AIP	\$753,000 <sup>(2)</sup>	\$547,008
LTIP – PSUs	\$149,845	–
LTIP – RSUs	\$449,540	\$196,875
LTIP – options	\$150,161	\$196,875
LTIP – FALTIP	–	\$168,750
Total direct compensation	\$2,002,546	\$1,607,585

### Notes

- (1) Denotes actual 2021 and 2022 base earnings.
- (2) 2022 AIP award was earned in 2022 and paid in Q2 2023.



**Klaas Deemter**  
Chief Financial Officer  
Calgary, Alberta, Canada  
Age: 48  
Date of hire: October 12, 2021

Mr. Deemter has served as STEP's CFO since November 4, 2021, prior to which he held the title senior vice-president, finance from October 12 to November 3, 2021. Prior to joining STEP, Mr. Deemter spent 12 years with Trican Well Service Ltd. and held progressively senior roles, including senior finance director, corporate controller, and as interim CFO in the first and second quarters of 2021. Previously, Mr. Deemter worked with two of Canada's chartered banks in various account management and risk management roles from 2001 to 2009. Mr. Deemter has a Bachelor of Management from the University of Lethbridge and is a member of the Chartered Professional Accountants of Alberta.

Compensation	2022	2021	
Salary	\$301,731 <sup>(1)</sup>	\$34,462 <sup>(1)</sup>	
Pay at risk			
AIP	\$363,300 <sup>(2)</sup>	\$39,336	
LTIP – PSUs	\$67,597	–	
LTIP – RSUs	\$202,797	\$46,517	
LTIP – options	\$67,742	\$46,517	
LTIP – FALTIP	–	\$39,871	
Total direct compensation	\$1,003,167	\$206,703	
Share ownership guidelines <sup>(3)</sup>			
Ownership under the guidelines			
Minimum level of ownership	Minimum value <sup>(4)</sup>	Actual value <sup>(5)</sup>	Total ownership as a multiple of base salary
2x	\$660,000	\$386,926	1.2x

**Notes**

- (1) Denotes actual 2021 and 2022 base earnings. Effective March 14, 2022, Mr. Deemter's salary was increased to \$300,000 and on October 1, 2022 it was increased to \$330,000.
- (2) 2022 AIP award was earned in 2022 and paid in Q2 2023.
- (3) See the Executive share ownership guidelines section for more details.
- (4) Calculated using annual base salary of \$330,000 as at December 31, 2022.
- (5) Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition and the closing market share price on December 30, 2022 of \$5.33.



**Rory Thompson**  
Chief Operating Officer  
Rimbey, Alberta, Canada  
Age: 47  
Date of hire: June 20, 2011

Mr. Thompson has served as the chief operating officer since October 2022. Previously, he held roles of increasing responsibility in the Canadian operations region including operations manager, director of operations, vice-president, coiled tubing services and most recently, president, Canadian operations. Mr. Thompson has over 25 years of North American oilfield experience. Prior to joining STEP, Mr. Thompson worked for Technicoil Corporation from 2001 to 2011, where he held various operations roles, including senior field superintendent. Before entering the coiled tubing industry, Mr. Thompson was in the drilling sector with Layne Christensen Company and started out his oilfield career as a drilling roughneck.

Compensation	2022	2021	
Salary	\$306,346 <sup>(1)</sup>	\$276,827	
Pay at risk			
AIP	\$325,500 <sup>(2)</sup>	\$172,832	
LTIP – PSUs	\$70,678	–	
LTIP – RSUs	\$212,029	\$96,250	
LTIP – options	\$70,821	\$96,250	
LTIP – FALTIP	–	\$82,500	
Total direct compensation	\$985,374	\$724,659	
Share ownership guidelines <sup>(3)</sup>			
Ownership under the guidelines			
Minimum level of ownership	Minimum value <sup>(4)</sup>	Actual value <sup>(5)</sup>	Total ownership as a multiple of base salary
2x	\$660,000	\$722,279	2.2x

**Notes**

- (1) Denotes actual 2021 and 2022 base earnings. Mr. Thompson salary was increased from \$300,000 to \$330,000, effective October 1, 2022 due to his promotion to Chief Operating Officer.
- (2) 2022 AIP award was earned in 2022 and paid in Q2 2023. Mr. Thompson's annual incentive plan target was increased from 90% to 110% of base salary effective October 1, 2022.
- (3) See the Executive share ownership guidelines section for more details.
- (4) Calculated using annual base salary of \$330,000 as at December 31, 2022.

- (5) Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition and the closing market share price on December 30, 2022 of \$5.33.



**Michael Burvill**

VP, Business Development  
and Innovation  
Spring, Texas, U.S  
Age: 48  
Date of hire: April 20, 2015

Mr. Burvill has served as the vice-president, business development and innovation since July 2019. He served as the president, U.S. operations of STEP from August 2018 to July 2019, was the senior vice-president, fracturing and cased hole wireline services from April to August 2018, and the vice-president, fracturing services from April 2015 to April 2018. Mr. Burvill has 30 years of experience in the oil and gas service industry. Prior to joining STEP, Mr. Burvill worked at Trican for 18 years, the last eight of which he was corporate service line manager, during which time he led Trican's global fracturing and nitrogen services exclusively. Prior to that he managed Trican's Central Alberta district that deployed coiled tubing, nitrogen, cementing, fracturing, and acidizing services, and downhole tools.

Compensation		2022	2021
Salary		\$337,500 <sup>(1)</sup>	\$296,501 <sup>(1)</sup>
Pay at risk			
AIP		\$237,120 <sup>(2)</sup>	\$154,000
LTIP – PSUs		\$46,579	–
LTIP – RSUs		\$139,732	\$45,809
LTIP – options		\$46,674	\$45,809
LTIP – FALTIP		–	\$39,265
Total direct compensation		\$807,605	\$581,384
Share ownership guidelines <sup>(3)</sup>			
Ownership under the guidelines			
Minimum level of ownership	Minimum value <sup>(4)</sup>	Actual value <sup>(5)</sup>	Total ownership as a multiple of base salary
1x	\$338,000	\$681,940	2.0x

**Notes**

- (1) Denotes actual 2021 and 2022 base earnings. Mr. Burvill's salary is paid in U.S dollars. For the purposes of this table, actual base earnings, an average exchange rate for 2022 of USD 1.00:CAD 1.30 and for 2021 an average exchange rate of USD 1.00:CAD 1.25 was used.
- (2) 2022 AIP award was earned in 2022 and paid in Q2 2023. Mr. Burvill's annual incentive plan target was 70% as of January 1, 2022.
- (3) See the Executive's share ownership guidelines section for more details.
- (4) Calculated using annual base salary of \$338,286 CAD (\$260,000 USD) as at December 31, 2021, using an average exchange rate for 2022 of USD 1.00:CAD 1.30.
- (5) Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition and the closing market share price on December 30, 2022 of \$5.33.



**Joshua Kane**

VP, Legal and General  
Counsel  
Calgary, Alberta, Canada  
Age: 41  
Date of hire: July 25, 2016

Mr. Kane has served as vice-president, legal and general counsel since January 2021. Prior to, Mr. Kane was STEP's general counsel since joining the Company in 2016. Mr. Kane has practiced law for over 15 years; most of his career has been spent providing strategic legal counsel and overseeing the corporate governance for large international companies in the oilfield services sector. Prior to joining STEP, Mr. Kane held positions at Sanjel Corporation, TransCanada Pipelines Limited (now TC Energy), and Macleod Dixon LLP (now Norton Rose Fulbright). Mr. Kane holds a Juris Doctor from the University of Detroit Mercy, a Bachelor of Laws from the University of Windsor, and a Bachelor of Science in Neuroscience from the University of Lethbridge. He is a member of the Law Society of Alberta, Canada.

Compensation		2022	2021
Salary		\$227,692 <sup>(1)</sup>	\$209,308 <sup>(1)</sup>
Pay at risk			
AIP		\$150,800 <sup>(2)</sup>	\$97,240
LTIP – PSUs		\$32,169	–
LTIP – RSUs		\$96,503	\$59,575
LTIP – options		\$32,234	\$63,305
LTIP – FALTIP		–	\$44,100
Total direct compensation		\$539,398	\$473,528
Share ownership guidelines <sup>(3)</sup>			
Ownership under the guidelines			
Minimum level of ownership	Minimum value <sup>(4)</sup>	Actual value <sup>(5)</sup>	Total ownership as a multiple of base salary
1x	\$230,000	\$951,192	4.1x

**Notes**

- (1) Denotes actual 2021 and 2022 base earnings.
- (2) 2022 AIP award was earned in 2022 and paid in Q2 2023. Mr. Kane's annual incentive plan target was 60% as of January 1, 2022.
- (3) See the Executive's share ownership guidelines section for more details.
- (4) Calculated using a base salary of \$230,000 as at December 31, 2022.

- (5) Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition and the closing market share price on December 30, 2022 of \$5.33.

## Summary compensation table

The following table provides a summary of compensation paid to our NEOs for the years ended December 31, 2022, 2021 and 2020.

Named executive	Year	Salary (\$)	Share-based awards (\$) <sup>(1)(2)</sup>	Option-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation		Pension value	All other (\$) <sup>(6)</sup>	Total compensation (\$)
					Annual incentive plans (\$) <sup>(4)</sup>	Long-term incentive plans <sup>(5)</sup>			
Stephen Glanville (President and CEO) <sup>(7)</sup>	2022	412,692	461,875	115,706	601,700	—	—	245,478	1,837,451
	2021	367,373	126,821	126,821	334,576	108,703	—	18,020	1,082,314
	2020	302,965	40,719	46,683	—	—	—	6,945	397,312
Regan Davis (Former CEO) <sup>(7)(8)</sup>	2022	500,000	599,385	150,161	753,000	—	—	368,789	2,371,335
	2021	498,077	196,875	196,875	547,008	168,750	—	40,899	1,648,484
	2020	441,579	69,834	69,393	—	—	—	28,212	609,018
Klaas Deemter (CFO)	2022	301,731	270,394	67,742	363,300	—	—	108,930	1,112,097
	2021	34,462	46,517	46,517	39,336	39,871	—	221,821	428,524
	2020	—	—	—	—	—	—	—	—
Rory Thompson (COO)	2022	306,346	282,707	70,821	325,500	—	—	144,516	1,129,890
	2021	276,827	96,250	96,250	172,832	82,500	—	12,544	737,203
	2020	244,327	25,596	30,240	—	—	—	3,722	303,885
Michael Burvill (VP, Business Development and Innovation)	2022	337,500	186,311	46,674	237,120	—	—	175,111	982,716
	2021	296,501	45,809	45,809	154,001	39,265	—	25,760	607,145
	2020	299,258	22,957	22,710	—	—	—	18,575	363,500
Joshua Kane <sup>(9)</sup> (VP, Legal and General Counsel)	2022	227,692	128,672	32,234	150,800	—	—	58,221	597,619
	2021	209,308	59,575	63,305	97,240	44,100	—	9,188	482,716
	2020	165,462	9,091	8,731	—	—	—	1,875	185,159

### Notes

- (1) Share-based awards in 2022 consist of equity-settled PSUs and equity-settled RSUs. Amounts presented are calculated as the number of units multiplied by the grant date fair value per common share, defined as the 5-day VWAP. The 5-day VWAP as at May 19, 2022 was \$4.62 and as at October 3, 2022 was \$4.55.
- (2) Consists of RSUs in 2021 and PSUs in 2020. Mr. Kane received Phantom RSUs in 2020.
- (3) Option-based awards were granted using the Black-Scholes pricing model at grant date, an expected life of five years, the five-year volatility of our closest industry peers yielding a volatility factor of 70.17-73.71 percent and a risk-free rate of 2.73-3.25 percent. The Black-Scholes values as at May 19, 2022 was \$2.76 and as at October 3, 2022 was \$2.84.
- (4) Reflects cash bonuses earned in the applicable year and paid in the following year. No cash bonuses were awarded for 2020 due to the impact of COVID-19.
- (5) Consists of FALIP grants – see further details in Long-term Incentive Plan section above.
- (6) Denotes all other compensation. Other income includes but is not limited to an automobile allowance, parking, savings plan contributions, executive benefits and a discretionary bonus paid in the following amounts: Mr. Glanville \$216,624, Mr. Davis \$314,592, Mr. Deemter \$85,364, Mr. Thompson \$125,568, Mr. Kane \$44,260 and Mr. Burvill USD \$113,056 converted at the exchange rate of USD 1.00:CAD 1.30.
- (7) Messrs. Glanville and Davis do not receive any additional compensation in their capacity as a director of STEP.
- (8) Mr. Davis was the CEO until September 30, 2022, then a Strategic Advisor until December 31, 2022. Mr. Glanville was promoted to President and CEO from President and COO effective October 1, 2022.
- (9) Mr. Kane was promoted to an Executive Officer on January 4, 2021; prior to his promotion, Mr. Kane held the position of General Counsel.



## Incentive plan awards

### Outstanding share-based awards and option-based awards

The following table provides, for each NEO, the outstanding share-based and option-based awards as at December 31, 2022.

Option-based awards (prior and options)					Share-based awards (PSUs and RSUs)		
Named executive	Number of securities underlying unexercised options	Option Exercise price (\$)	Expiration date of options	Aggregate value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested <sup>(2)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(3)</sup>	Market or payout value of vested share-based awards not paid out or distributed
Stephen Glanville (President and CEO)	179,852	2.14	May 15, 2024	573,728	373,789	1,992,295	–
	185,000	0.42	May 28, 2025	908,350			
	144,513	1.34	Jun 1, 2026	576,607			
	14,639	1.77	Jul 1, 2026	52,115			
	39,172	4.62	May 19, 2027	27,812			
	2,673	4.55	Oct 3, 2027	2,085			
Regan Davis (Former CEO)	254,114	2.14	May 15, 2024	810,624	394,634	2,103,399	–
	275,000	0.42	May 28, 2025	1,350,250			
	254,275	1.34	Jun 1, 2026	1,014,557			
	54,406	4.62	May 19, 2027	38,628			
Klaas Deemter (CFO)	38,303	2.13	Nov 11, 2026	122,570	237,727	1,267,085	–
	23,939	4.62	May 19, 2027	16,997			
	588	4.55	Oct 3, 2027	459			
Rory Thompson (COO)	116,034	2.14	May 15, 2024	370,148	190,717	1,016,522	–
	120,000	0.42	May 28, 2025	589,200			
	93,234	1.34	Jun 1, 2026	372,004			
	19,814	2.13	Nov 11, 2026	63,405			
	21,762	4.62	May 19, 2027	15,451			
	3,788	4.55	Oct 3, 2027	2,955			
Michael Burvill (VP, Business Development and Innovation)	90,000	0.42	May 28, 2025	441,900	117,976	628,812	–
	59,165	1.34	Jun 1, 2026	236,068			
	16,911	4.62	May 19, 2027	12,007			
Joshua Kane (VP, Legal and General Counsel)	6,557	2.14	May 15, 2024	20,917	73,453	391,504	–
	34,600	0.42	May 28, 2025	169,886			
	13,966	1.45	May 28, 2025	54,188			
	49,838	1.34	Jun 1, 2026	198,854			
	10,591	2.13	Nov 11, 2026	33,891			
	11,679	4.62	May 19, 2027	8,292			

#### Notes

- (1) The value of the unexercised in-the-money options is an aggregate amount using the difference between the December 30, 2022 closing share price of \$5.33 and the applicable exercise price of the options.
- (2) Includes PSUs and RSUs; see further details in the Components and pay mix section.
- (3) PSU value calculated using the December 30, 2022 closing share price of \$5.33 and a multiplier of 1.0x on a possible range of 0.0 to 2.0x. Actual PSU payout may differ depending on achievement of different performance targets as noted in the Components and pay mix section.

**Incentive plan awards – value vested or earned during the year**

The below table includes all Options, PSUs and RSUs that vested in 2022 and are valued at the vest date value, or, in the event the PSU or RSU vest date was during blackout, they are valued at the elected date of redemption during a fixed period following blackout. The non-equity incentive plan compensation value earned in the year reflects the 2022 AIP component.

Named executive	Option-based awards – value vested during the year (\$) <sup>(1)</sup>	Share-based awards – value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – value earned during the year (\$) <sup>(2)</sup>
Stephen Glanville <sup>(3)</sup> (President and CEO)	605,105	673,136	601,700
Regan Davis <sup>(3)</sup> (Former CEO)	917,514	980,187	753,000
Klaas Deemter (CFO)	55,792	37,118	363,300
Rory Thompson <sup>(4)</sup> (COO)	411,108	361,156	325,500
Michael Burvill <sup>(5)</sup> (VP, Business Development and Innovation)	326,450	397,067	237,120
Joshua Kane (VP, Legal and General Counsel)	171,665	163,337	150,800

**Notes**

- (1) Value of vested options represents the difference between the closing market share price on the date of vesting less the option exercise price.
- (2) Includes AIP amounts earned in 2022 and paid in the second quarter of 2023.
- (3) For Messrs. Glanville and Davis, their Executive PSUs cliff-vested after three years on May 15, 2022, with a performance multiplier of 1.1012 and fair market value of \$4.70 per unit.
- (4) For Mr. Thompson, his Executive PSUs cliff-vested after three years on May 15, 2022 with a performance multiplier of 1.012 and fair market value of \$4.01 per unit. His Business Unit PSUs cliff-vested on May 15, 2022 with a performance multiplier of 2.0 and fair market value of \$4.01 per unit.
- (5) For Mr. Burvill, his Executive PSUs cliff-vested after three years on May 15, 2022 with a performance multiplier of 1.1012 and a fair market value of \$4.81 per unit.

## Termination and change of control benefits

STEP has entered into employment agreements with all officers, and the table below summarize the circumstances that trigger payments and benefits to each NEO as at December 31, 2022.

Named executive	Element of compensation <sup>(1)</sup>	Termination without cause <sup>(2)</sup> OR change of control <sup>(3)</sup>	Change of control payout is conditional upon: <sup>(4)</sup>
<b>President and CEO (Stephen Glanville)</b>	Severance	An amount equal to 18 months of current base salary; and an amount equal to the greater of: (i) the most recent annual bonus divided by 12 and (ii) the sum of the two most recent annual bonuses divided by 24; multiplied by 18.	Termination of role in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base salary up to the termination date.	
	AIP	Any declared but unpaid AIP.	
	Benefits	10% of amount equal to 18 months of current base salary.	
	Prior options and performance warrants	If vested, exercisable for 30 days; if unvested, only subject to accelerated vesting upon liquidity event. <sup>(5)</sup>	
	New Options	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(6)</sup>	
	PSUs/RSUs	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(7)</sup>	
	FALTIP	The FALTIP participant must be actively employed on the vesting date, or no FALTIP award is payable. Awards are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(8)</sup>	
<b>CFO (Klaas Deemter)</b>	Severance	An amount equal to 110% of current base salary.	Termination of role in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base salary up to the termination date.	
	AIP	Any declared but unpaid AIP.	
	New Options	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(6)</sup>	
	PSUs/RSUs	If vested, exercisable for 30 days after departure; if unvested, only subject to accelerated vesting under certain circumstances following change of control. <sup>(7)</sup>	
	FALTIP	The FALTIP participant must be actively employed on the vesting date, or no FALTIP award is payable. Awards are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(8)</sup>	

Named executive	Element of compensation <sup>(1)</sup>	Termination without cause <sup>(2)</sup> OR change of control <sup>(3)</sup>	Change of control payout is conditional upon: <sup>(4)</sup>
<b>Chief Operating Officer (Rory Thompson)</b>	Severance	An amount equal to 110% of current base salary.	Termination of role in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base salary up to the termination date.	
	AIP	Any declared but unpaid AIP.	
	New Options	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(6)</sup>	
	PSUs/RSUs	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(7)</sup>	
	FALTIP	The FALTIP participant must be actively employed on the vesting date, or no FALTIP award is payable. Awards are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(8)</sup>	
<b>VP, Business Development and Innovation (Michael Burvill)</b>	Severance	An amount equal to 110% of current base salary.	Termination of role in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base salary up to the termination date.	
	AIP	Any declared but unpaid AIP.	
	New Options	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(6)</sup>	
	PSUs	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(7)</sup>	
	FALTIP	The FALTIP participant must be actively employed on the vesting date, or no FALTIP award is payable. Awards are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(8)</sup>	
<b>VP, Legal and General Counsel (Joshua Kane)</b>	Severance	An amount equal to 110% of current base salary.	Termination of role in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base salary up to the termination date.	
	AIP	Any declared but unpaid AIP.	
	New Options	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(6)</sup>	
	PSUs	If vested, exercisable for 30 days after departure; if unvested, terminate immediately on departure. Unvested units are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(7)</sup>	
	FALTIP	The FALTIP participant must be actively employed on the vesting date, or no FALTIP award is payable. Awards are subject to accelerated vesting under certain circumstances involving a change of control. <sup>(8)</sup>	

**Notes**

- (1) Refer to the Components and pay mix section for further details on compensation components.
- (2) Assumes termination by STEP other than termination for just cause or in connection with death or disability.
- (3) Change of control is defined to include:

- (a) the acquisition by a person or persons acting jointly or in concert and their respective affiliates and associates, other than the ARC Group, of more than 50% of the votes that may be cast to elect directors (assuming the conversion or exercise of all convertible securities held by such persons, but otherwise on a non-diluted basis)

- (b) an amalgamation, arrangement, merger or other consolidation with another company pursuant to which the shareholders immediately prior thereto do not hold more than 50% of the votes that may be cast to elect directors of the successor or continuing entity
  - (c) a liquidation, dissolution or winding-up of STEP, or
  - (d) a sale, lease or other disposition of all or substantially all of the assets of STEP, but explicitly excluding an initial public offering, reverse take-over pursuant to which the shareholders will hold more than 50% of the votes that may be cast to elect directors of the successor or continuing entity and any internal reorganization where beneficial ownership remains unchanged.
- (4) In the event of a change of control, the CEO may elect to terminate the employment agreement and receive the severance amounts set out in the table. In the event that there is a change of control and, within 90 days of the change of control, good reason exists, the COO and CFO may elect to terminate the employment agreement and receive the severance amounts set out in the table. Good reason is defined to include, subject to certain exceptions and certain variations between the agreements: (i) a material decrease in title, position or responsibilities, (ii) an individual material reduction in salary, (iii) a material reduction in benefits or perquisites, and (iv) for the CEO, CFO and COO, relocation more than 50 kilometers away from Calgary, Alberta without consent.
- (5) Refer to note (2) to the table under the Termination and change of control benefits section below for a description of what constitutes a liquidity event.
- (6) Conditions triggering accelerated vesting of Options are outlined in the Components and pay mix – Current long-term incentive plan components – Option Plan section.
- (7) Conditions triggering accelerated vesting of PSUs and RSUs are outlined in the Components and pay mix– Current long-term incentive plan components – Performance and restricted share units section.
- (8) Conditions triggering accelerated vesting of PSUs and RSUs are outlined in the Components and pay mix – Current long-term incentive plan components – Fixed award long-term incentive plan (FALTIP) section.

### Non-competition and non-solicitation

In the event of Mr. Glanville's termination of employment, he would be entitled to receive the severance payments set forth below and would be subject to an 18-month non-solicitation and non-competition period. If Mr. Glanville was not entitled to severance, he would be subject to an 18-month non-solicitation and 12-month non-competition period.

In the event of the termination of employment of Messrs. Deemter, Thompson, Burvill and Kane, they would be entitled to receive the severance payments set forth below, and they would be subject to a 12-month non-solicitation and non-competition period. If Messrs. Deemter, Thompson, Burvill and Kane were not entitled to severance, they would be subject to a 12-month non-solicitation and 6-month non-competition.

The table below summarizes the incremental payments that would be received by each NEO in each circumstance in which the named executive ceases to be employed by STEP, calculated as of December 30, 2022 at the closing market share price of \$5.33. The table below also reflects the provisions of Mr. Davis' retirement agreement.

Named executive	Triggering event			
	Retirement (\$)	Death or Disability (\$)	Change of control termination <sup>(1)(2)</sup> (\$)	Termination without cause <sup>(3)</sup> (\$)
<b>Stephen Glanville (President and CEO)</b>				
Severance <sup>(4)</sup>	–	–	1,661,550	1,661,550
PSUs (equity-settled) <sup>(5)</sup>	–	–	133,351	–
PSUs (cash-settled) <sup>(5)</sup>	–	–	518,076	–
RSUs (equity-settled) <sup>(6)</sup>	–	–	727,449	–
RSUs (cash-settled) <sup>(6)</sup>	–	–	–	–
Options <sup>(7)</sup>	–	–	2,140,697	–
FALTIP <sup>(8)</sup>	–	–	65,222	–
Total obligation	–	–	5,246,345	1,661,550
<b>Regan Davis<sup>(4)</sup> (Former CEO)</b>				
Severance <sup>(4)</sup>	–	82,192	2,714,600	2,714,600
PSUs (equity-settled) <sup>(5)</sup>	172,873	–	172,873	–
PSUs (cash-settled) <sup>(5)</sup>	888,511	–	888,511	–
RSUs (equity-settled) <sup>(6)</sup>	1,042,015	–	1,042,015	–
RSUs (cash-settled) <sup>(6)</sup>	–	–	–	–
Options <sup>(7)</sup>	3,214,059	–	3,214,059	–
FALTIP <sup>(8)</sup>	101,250	–	101,250	–
Total obligation	5,418,708	82,192	8,133,308	2,714,600

Named executive	Triggering event			
	Retirement (\$)	Death or Disability (\$)	Change of control termination <sup>(1)(2)</sup> (\$)	Termination without cause <sup>(3)</sup> (\$)
<b>Klaas Deemter (CFO)</b>				
Severance <sup>(4)</sup>	–	–	363,000	363,000
PSUs (equity-settled) <sup>(5)</sup>	–	–	78,015	–
PSUs (cash-settled) <sup>(5)</sup>	–	–	–	–
RSUs (equity-settled) <sup>(6)</sup>	–	–	311,592	–
RSUs (cash-settled) <sup>(6)</sup>	–	–	–	–
Options <sup>(7)</sup>	–	–	140,025	–
FALTIP <sup>(8)</sup>	–	–	106,236	–
Total obligation	–	–	998,868	363,000
<b>Rory Thompson (COO)</b>				
Severance <sup>(4)</sup>	–	–	363,000	363,000
PSUs (equity-settled) <sup>(5)</sup>	–	–	81,730	–
PSUs (cash-settled) <sup>(5)</sup>	–	–	325,663	–
RSUs (equity-settled) <sup>(6)</sup>	–	–	477,211	–
RSUs (cash-settled) <sup>(6)</sup>	–	–	–	–
Options <sup>(7)</sup>	–	–	1,413,163	–
FALTIP <sup>(8)</sup>	–	–	49,500	–
Total obligation	–	–	2,710,267	363,000
<b>Michael Burvill (VP, Business Development and Innovation)</b>				
Severance <sup>(4)</sup>	–	–	371,800	371,800
PSUs (equity-settled) <sup>(5)</sup>	–	–	53,737	–
PSUs (cash-settled) <sup>(5)</sup>	–	–	292,084	–
RSUs (equity-settled) <sup>(6)</sup>	–	–	282,991	–
RSUs (cash-settled) <sup>(6)</sup>	–	–	–	–
Options <sup>(7)</sup>	–	–	689,975	–
FALTIP <sup>(8)</sup>	–	–	25,438	–
Total obligation	–	–	1,716,026	371,800
<b>Joshua Kane (VP, Legal and General Counsel)</b>				
Severance <sup>(4)</sup>	–	–	253,000	253,000
PSUs (equity-settled) <sup>(5)</sup>	–	–	37,113	–
PSUs (cash-settled) <sup>(5)</sup>	–	–	–	–
RSUs (equity-settled) <sup>(6)</sup>	–	–	235,362	–
RSUs (cash-settled) <sup>(6)</sup>	–	–	48,514	–
Options <sup>(7)</sup>	–	–	486,028	–
FALTIP <sup>(8)</sup>	–	–	26,460	–
Total obligation	–	–	1,086,476	253,000

Notes

- (1) Mr. Davis' amounts reflect the provisions of his Retirement Agreement, and for other the NEOs, assumes the change of control results in a termination with good reason (double trigger).
- (2) Assumes the change of control is also deemed a liquidity event for purposes of the Prior Plan and the performance warrants. Specifically, those instruments that are unvested will vest immediately upon a liquidity event which, for purposes of the Prior Plan and the terms of the performance warrants means (i) the sale of all or substantially all of the shares for cash or securities, (ii) a merger, amalgamation, arrangement or other similar transaction involving STEP pursuant to which holders of shares receive cash or securities, or (iii) the sale of all or substantially all of the assets of STEP followed by a liquidating distribution of cash or securities to the shareholders of STEP entitled to assets upon a liquidating distribution, provided that if the consideration received by holders of shares is securities rather than cash, such securities are considered liquid for all shareholders as determined by the Board and listed on the TSX or such other stock exchange approved by the Board.
- (3) Assumes termination by STEP other than termination for just cause, in connection with death or disability or in connection with a liquidity event.
- (4) Severance amounts reflect the amount the NEO would have been entitled to receive as at December 31, 2022. Executives are entitled to receive salary, reimbursement of outstanding expenses, and payment of any vacation pay accrued but unpaid. For Death or Disability, Mr. Davis' employment agreement provides for 60 days' salary. For Mr. Burvill, his severance value is calculated using the 2022 average exchange rate of USD 1.00:CAD 1.30.
- (5) PSU values as of December 31, 2022, assuming a multiplier of 1.0x of a possible range of 0.0 to 2.0x.

- (6) *RSU values as of December 30, 2022, using closing share price of \$5.33.*  
 (7) *The value of options is calculated using the difference between the exercise price and the December 30, 2022 closing share price of \$5.33.*  
 (8) *FALTIP values are in CAD. For Mr. Burvill, the FALTIP value is calculated using the 2022 average exchange rate of USD 1.00:CAD 1.30.*

## OTHER INFORMATION

### CONTROLLING SHAREHOLDER

Pursuant to an investment rights agreement ("Investment Rights Agreement") dated February 7, 2017 between STEP, ARC Energy Fund 6 and ARC Energy Fund 8, for so long as ARC Energy Fund 6 and ARC Energy Fund 8 and the investors therein and other related funds advised by ARC Financial Corp. (collectively, the "ARC Group") owns or exercises control or direction over 10% or more of the outstanding shares, the ARC Group will have the right to nominate one representative to stand for appointment and election as a director of STEP, for so long as the ARC Group owns or exercises control or direction over 25% or more of the outstanding shares, the ARC Group will have the right to nominate two representatives to stand for appointment and election as directors of STEP and for so long as the ARC Group owns or exercises control or direction over 45% or more of the outstanding shares, the ARC Group will have the right to nominate three representatives to stand for appointment and election as directors of STEP, and such nominees will be included in any slate of directors proposed by STEP. The ARC Group nominees for the Meeting are Douglas Freel and Jeremy Gackle.

To the knowledge of STEP's directors and executive officers, no person, firm or corporation directly or indirectly, beneficially owns, or controls or directs, more than 10% of the shares, except as set out below:

Name	Number and class of voting shares	Percentage of outstanding shares (%) as of April 20, 2023
ARC Energy Fund 6 <sup>(1)</sup>	13,588,546 shares	18.97%
ARC Energy Fund 8 <sup>(2)</sup>	26,654,454 shares	37.22%

#### Notes

- (1) *ARC Energy Fund 6 is comprised of ARC Energy Fund 6 Canadian Limited Partnership, ARC Energy Fund 6 United States Limited Partnership, ARC Energy Fund 6 International Limited Partnership and ARC Capital 6 Limited Partnership (collectively, "ARC Energy Fund 6").*  
 (2) *ARC Energy Fund 8 is comprised of ARC Energy Fund 8 Canadian Limited Partnership, ARC Energy Fund 8 United States Limited Partnership, ARC Energy Fund 8 International Limited Partnership and ARC Capital 8 Limited Partnership (collectively, "ARC Energy Fund 8").*

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any informed person of STEP, any proposed director of STEP or any associate or affiliate of any informed person or proposed director of STEP, in any transaction during 2022 or in any proposed transaction which has materially affected or would materially affect STEP.

### INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, senior officer, or anyone who has been a director or senior officer of STEP at any time since January 1, 2022, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors, except for as set forth in this Circular.

### MANAGEMENT CONTRACTS

No management functions of STEP are performed by a person or corporation other than the directors or executive officers of STEP.

### STEP'S EQUITY COMPENSATION PLANS

#### Securities authorized for issuance under equity compensation plans

The following table sets forth, as at December 31, 2022, information regarding compensation plans under which equity securities have been authorized for issuance from treasury. STEP's current equity compensation plans, and any new equity compensation plans that may be adopted by STEP in the future, are subject to all applicable requirements of the TSX including, without limitation, the requirement to obtain shareholder approval for amendments when required by the plan and the requirement to obtain periodic shareholder approval for all unallocated options, rights or other entitlements under security-based compensation agreements.

At the annual general and special meeting of shareholders held on May 5, 2020, the shareholders approved that the Option Plan and PRSU Plan be amended to include that the aggregate number of shares reserved for issuance under all security-based compensation agreements (as defined in the Option Plan and PRSU Plan) be 9.5% of the issued and outstanding shares, subject to a 5% limit on the number of shares reserved for issuance under the PRSU Plan, excluding the prior options and the performance warrants. Shares reserved for issuance pursuant to share units or options that are terminated or are cancelled without having been redeemed or exercised, as applicable, will again be available for issuance under the PRSU Plan or the Option Plan, respectively.

As required by the TSX, STEP is seeking shareholder approval for all unallocated options, rights or other entitlements under security-based compensation agreements at this Meeting.

	Number of common shares to be issued upon exercise of outstanding performance warrants, options, PSUs and RSUs (a)	Weighted-average exercise price of outstanding performance warrants, options, PSUs and RSUs (b)	Number of common shares remaining available for future issuance under equity compensation plans (excluding common shares reflected in column (a)) (c)
<b>As at December 31, 2022</b>			
Equity compensation plans not approved by securityholders:			
Prior Plan <sup>(1)</sup>	12,500	\$5.00	
Performance warrants <sup>(2)</sup>	25,000	\$11.26	
Equity compensation plans approved by securityholders:			
PRSU Plan <sup>(3)</sup>	1,821,318	–	
Option Plan <sup>(4)</sup>	3,100,076	\$1.80	
<b>Total<sup>(5)</sup></b>	<b>4,958,894</b>	<b>\$1.88</b>	<b>1,879,620</b>

**Notes**

- (1) As at December 31, 2022 there were 12,500 options granted under the prior plan that are excluded from the definition of "Security Based Compensation Arrangement" under both of the Company's current security-based plans. These awards have a weighted average exercise price of \$5.00 and a weighted average remaining term of 0.81 years.
- (2) As at December 31, 2022 there were 25,000 performance warrants granted under the prior plans that are excluded from the definition of "Security Based Compensation Arrangement" under both of the Company's current security-based plans. These awards have a weighted average exercise price of \$11.26 and a weighted average remaining term of 0.81 years.
- (3) As at December 31, 2022 there were 1,821,318 unvested equity-settled RSUs that are included in the definition of "Security Based Compensation Arrangement" under both of the Company's current security-based plans. The RSUs have a weighted average remaining term of 2.12 years.
- (4) As at December 31, 2022 there were 3,100,076 outstanding options that are included in the definition of "Security Based Compensation Arrangement" under both of the Company's current security-based plans. The option awards have a weighted average exercise price of \$1.80 and a weighted average remaining term of 2.48 years.
- (5) As at December 31, 2022, the aggregate number of 1,879,620 represents the remaining common shares available to issue of the 9.5% of the issued and outstanding shares reserve limit under the PRSU Plan and Option Plan combined. There is also a 5% sub limit for shares reserved for issuance under the PRSU Plan, which at December 31, 2022 was 1,758,163.

## Dilution impact

STEP monitors the outstanding number of options and share units ("dilution") and the number of options and share units issued each year ("burn rate"). The table below shows these measures. Prior options and performance warrants are not shown below as we have not issued prior options or performance warrants since prior to our IPO.

	2022 (%)	2021 (%)	2020 (%)
Dilution <sup>(1)</sup>			
Option Plan	4.47%	5.66%	5.31%
PRSU Plan	2.62%	1.03%	0.69%
Burn rate <sup>(2)</sup>			
Option Plan	0.36%	1.42%	2.52%
PRSU Plan	2.10%	1.12%	–

**Notes**

- (1) The total number of options or share units issued and outstanding that have not yet been exercised, expressed as a percentage of the basic weighted average number of shares issued and outstanding for 2022, 2021 and 2020 of 69,412,087, 68,007,878, and 67,321,951, respectively.
- (2) The total number of options or share units granted during the years 2022, 2021 and 2020, which for options were 249,001, 967,374, and 1,696,800, respectively, and for share units were 1,456,975, 761,827, and 0 respectively, expressed as a percentage of the basic weighted average number of shares issued and outstanding for 2022, 2021 and 2020 of 69,412,087, 68,007,878, and 67,321,951, respectively.

## CEASE TRADE ORDERS, BANKRUPTCIES, SANCTIONS AND PENALTIES

To the knowledge of STEP, none of the proposed directors: (a) are, or have been within the past 10 years, a director or officer of any company (including STEP) that was the subject of a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case



that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the director or officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an Order that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of STEP, none of the proposed directors: (a) are, or have been within the past 10 years, a director or officer of any company (including STEP) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

To the knowledge of STEP, none of the proposed directors (nor any personal holding company of any of such persons) have been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## LOANS TO DIRECTORS AND EXECUTIVES

STEP is not aware of any individuals who are either current or former officers, directors or employees of STEP, or any of its subsidiaries and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of STEP or otherwise) that is owing to: (i) STEP or any of its subsidiaries, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by STEP or any of its subsidiaries.

Except for: (i) indebtedness that has been entirely repaid on or before the date of this Circular, and (ii) routine indebtedness (as defined in Form 51-102F5 of the Canadian Securities Administrators), STEP is not aware of any individuals who are, or who at any time since inception were, a director or officer of STEP, a proposed nominee for election as a director or an associate of any of those directors, officers or proposed nominees who are, or have been since the beginning of the most recently completed financial year, indebted to STEP or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by STEP or any of its subsidiaries.

## NON-IFRS MEASURES

This Circular includes the following terms or performance measures commonly used in the oilfield services industry that are not defined under IFRS: "Adjusted EBITDA" and "ROCE". The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures have no standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. These non-IFRS measures should be read in conjunction with the Company's audited and unaudited Financial Statements and the accompanying Notes thereto.

"Adjusted EBITDA" is a financial measure not presented in accordance with IFRS and is equal to net (loss) income before finance costs, depreciation and amortization, (gain) loss on disposal of property and equipment, current and deferred income tax provisions and recoveries, share-based compensation, transaction costs, foreign exchange forward contract (gain) loss, foreign exchange (gain) loss, and impairment losses. "Adjusted EBITDA margin" (also referred to as "Adjusted EBITDA %") is a non-IFRS ratio and is calculated as Adjusted EBITDA divided by revenue. Adjusted EBITDA and Adjusted EBITDA margin are presented because they are widely used by the investment community as they provide an indication of the results generated by the Company's normal course business activities prior to considering how the activities are financed and the results are taxed. The Company uses Adjusted EBITDA and Adjusted EBITDA margin internally to evaluate operating and segment performance, because management believes they provide better comparability between periods. A chart showing the reconciliation of the non-IFRS financial measure of Adjusted EBITDA to the IFRS financial measure of net income (loss) can be found in *Other information – Non-IFRS measures* section of STEP's management's discussion and analysis ("MD&A") for the year ended December 31, 2022.

"Return on Capital Employed" or "ROCE" is a financial measure not presented in accordance with IFRS and is used as a reference to measure the management of capital deployed, for the AIP and performance share calculations. This non-IFRS measure has no standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. ROCE is calculated as income before tax adjusted for finance costs, share-based compensation, impairments, gain/loss on disposal of property and equipment and foreign exchanges gain/losses including foreign exchange contract gains/losses divided by capital employed. Capital employed is the average of the sum of loans and borrowings, lease obligations and shareholders' equity less cash over the measurement period.

## ADDITIONAL INFORMATION & TRANSFER AGENT

Additional information relating to STEP is available on SEDAR at ([www.sedar.com](http://www.sedar.com)). For financial information, see our most recent annual audited consolidated financial statements and MD&A. Copies of these documents are available on our website ([www.stepenergyservices.com](http://www.stepenergyservices.com)).

Shareholders can request a free paper copy of this Circular, and the AIF, annual audited consolidated financial statements and MD&A for STEP's financial year ended December 31, 2022, by contacting STEP's transfer agent:

TSX Trust Company

301 – 100 Adelaide Street West  
Toronto, Ontario, Canada  
M5H 4H1

Telephone: 1.416.361.0930

Toll Free: 1.866.600.5869

Fax: 1.416.595.9593

Email: [Tsxtis@tmx.com](mailto:Tsxtis@tmx.com)

For all other investor related inquiries, please contact: [investor\\_relations@step-es.com](mailto:investor_relations@step-es.com).

## BOARD OF DIRECTORS

You may contact the Board directly by writing to:

Chair of the Board of Directors  
c/o Vice-President, Legal and General Counsel  
STEP Energy Services Ltd.  
Bow Valley Square II  
1200, 205–5th Ave SW  
Calgary, Alberta, Canada  
T2P 2V7

## CORPORATE HEAD OFFICE

STEP Energy Services Ltd.  
Bow Valley Square II  
1200, 205–5th Avenue SW  
Calgary, Alberta, Canada  
T2P 2V7

## SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than March 23, 2024 to be considered for inclusion in next year's management information circular for the purposes of STEP's annual meeting of shareholders to be held in 2024.

## CURRENCY OF INFORMATION & DIRECTORS' APPROVAL

Except where otherwise expressly stated, the information contained in this Circular is given as of the date below.

The Board has approved the contents and the sending of this Circular to the shareholders.

Dated as of April 20, 2023.

## SCHEDULES

### SCHEDULE A — STEP ENERGY SERVICES LTD. BOARD OF DIRECTORS — MANDATE

#### 1. Purpose

The members of the board of directors (respectively, the "**Directors**" and the "**Board**") have the responsibility to oversee the conduct of the business of STEP Energy Services Ltd. ("**STEP**") and to oversee the activities of management who are responsible for the day-to-day conduct of the business.

#### 2. Composition

The Board shall be comprised of at least three independent Directors unless an exemption contained in National Instrument 52-110 – *Audit Committees of the Canadian Securities Administrators* ("**NI 52-110**") is available. The definition of independence is as provided by applicable law and stock exchange listing standards. No Director will be considered independent unless the Director has no "material relationship" (as such term is defined in NI 52-110) with STEP, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with STEP.

The Board shall appoint a Chair from among its members. The role of the Chair is to act as the leader of the Board, to manage and coordinate the activities of the Board and to oversee execution by the Board of this written mandate. If the Chair is not independent, a majority of the Board's independent Directors shall appoint an independent lead Director (the "**Lead Director**") from among the Directors, who will be responsible for ensuring that the Directors who are not independent and management have opportunities to meet without management and non-independent Directors, as required, and will assume such other responsibilities as the independent directors may designate in accordance with any applicable position descriptions or other applicable guidelines that may be adopted by the Board from time to time.

The Board may, from time to time, engage consultants or members of STEP's management team that are not directors of STEP and these persons may attend meetings or portions of meetings as invited guests of the Board. Otherwise, the Board will consist only of Directors and only Directors and a Corporate Secretary, appointed by the Board, may attend meetings of the Board.

#### 3. Operation

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including, subject to the terms of any agreement relating to board nomination rights between STEP and any of its shareholders, selecting its Chair, nominating candidates for election to the Board, constituting committees of the full Board and determining Director compensation. Subject to the articles and by-laws of STEP and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to Committees of the Board.

The full Board considers all major decisions of STEP, except that certain analyses and work of the Board will be performed by standing committees empowered to act on behalf of the Board. STEP has a number of standing committees, including the Audit Committee, the Compensation and Corporate Governance Committee and the Health, Safety and Environment Committee, and has the authority to appoint other committees to steward certain other matters. Each standing committee must have a mandate that has been approved by the Board.

Each committee shall operate according to the mandate approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board shall review and reassess the adequacy of the mandate of each committee on a regular basis and, with respect to the Audit Committee, at least once a year.

The Chair of the Board shall annually propose the leadership and membership of each committee. In preparing recommendations, the Chair of the Board will take into account the preferences, skills and experience of each Director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.

The Board will hold four regularly scheduled meetings each year. The Board shall meet at the end of its regular quarterly meetings without members of management being present. Special meetings will be called as necessary. Directors are expected to attend all Board meetings and all Board committee meetings where such Director is a member of such committee, although it is understood that conflicts may occasionally arise that prevent a Director from attending a meeting. Attendance at Board meetings and Board committee meetings in person is preferred, but attendance by teleconference or other electronic communication established by the Board or such Board committee is permitted. In advance of each regular Board and Board committee meeting and, to the

extent feasible each special meeting, information and presentation materials relating to matters to be addressed at the meeting will be distributed to each Director. It is expected that each Director will review presentation materials in advance of a meeting.

The Chair of the Board presides at all meetings of the Board and shareholders. Minutes of each meeting shall be prepared by the Corporate Secretary (or in his or her absence a secretary who has been appointed for the purposes of the meeting). The Chief Executive Officer ("CEO"), if he or she is not a Director, shall be available to attend all meetings of the Board or Committees of the Board upon invitation by the Board or any such Committee. Members of management and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board. Following each meeting, the Corporate Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings. Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the CEO or Corporate Secretary.

#### **4. Responsibilities**

The Board is responsible under law to supervise the management of the business and affairs of STEP. In broad terms the stewardship of STEP involves the Board in strategic planning, risk identification, management and mitigation, senior management determination and succession planning, communication planning and internal control integrity.

#### **5. Specific Duties**

Without limiting the foregoing, the Board shall have the following specific duties and responsibilities:

##### **A. Legal Requirements**

- I. The Board has the oversight responsibility for meeting STEP's legal requirements and for approving and maintaining STEP's documents and records;
- II. The Board has the statutory responsibility to:
  - o manage or supervise the management of the business and affairs of STEP;
  - o act honestly and in good faith with a view to the best interests of STEP;
  - o exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - o act in accordance with its obligations contained in the Business Corporations Act (Alberta) and the regulations thereto, STEP's articles and other relevant legislation and regulations.
- III. The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
  - o any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - o the filling of a vacancy among the Directors;
  - o the issuance of securities;
  - o the declaration of dividends;
  - o the purchase, redemption or any other form of acquisition of shares issued by STEP;
  - o the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of STEP from STEP or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - o the approval of management proxy circulars;
  - o the approval of any take-over bid circular or directors' circular; and
  - o the approval of financial statements of STEP.

##### **B. Strategy Determination**

- I. The Board has the responsibility to adopt a strategic planning process for STEP and to participate, on at least an annual basis, with management directly or through its Committees in approving goals and the strategic plan for STEP by which STEP proposes to achieve its goals. The strategic plan will take

into account, among other things, the opportunities and risks of STEP's business. The Board shall monitor the implementation and execution of the tasks constituent to the corporate strategy.

- II. To be effective, the strategy will result in creation of value over the long term while always preserving STEP's license to conduct its business among its various stakeholders. For the purpose of this clause, "stakeholder" will mean any party, group or institution whose reasonable approval is required for STEP to execute its Board-approved strategy.

**C. Managing Risk**

- I. The Board has the responsibility to identify and understand the principal risks of the business in which STEP is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to establish systems to monitor and manage those risks with a view to the long-term viability of STEP. It is the responsibility of management to ensure that the Board and its Committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are through the execution of the duties of the Audit Committee, the Compensation and Corporate Governance Committee and the Health, Safety and Environment Committee and through the strategic planning process. It is important that the Board understands and supports the key risk decisions of management.

**D. Appointment, Training and Monitoring Senior Management**

- I. The Board has the responsibility:
  - o to appoint the CEO and establish a description of the CEO's responsibilities and other senior management's responsibilities, to monitor and assess the CEO's performance, to determine the CEO's compensation, and to provide advice and counsel in the execution of the CEO's duties;
  - o to approve the appointment and remuneration of STEP's senior management; and
  - o to establish provisions for the training and development of management and for the orderly succession of management.

**E. Reporting and Communication**

- I. The Board has the responsibility:
  - o to ensure compliance with the reporting obligations of STEP, including that the financial performance of STEP is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
  - o to recommend to shareholders of STEP a firm of chartered accountants to be appointed as STEP's auditors;
  - o to ensure that the financial results of STEP are reported fairly and in accordance with generally accepted accounting principles;
  - o to ensure the timely reporting of any change in the business, operations or capital of STEP that would reasonably be expected to have a significant effect on the market price or value of the common shares of STEP;
  - o to establish a process for direct communications with shareholders and other stakeholders through appropriate Directors, including through the Whistleblower Policy;
  - o to ensure that STEP has in place a policy to enable STEP to communicate effectively with its shareholders and the public generally; and
  - o to report annually to shareholders on its stewardship of the affairs of STEP for the preceding year.

**F. Monitoring and Acting**

- I. The Board has the responsibility:
  - o to establish policies and processes for STEP to operate at all times within applicable laws and regulations to the highest ethical and moral standards (advancing the interests of STEP, including the pursuit of differentiating performance in meeting the reasonable needs of all stakeholders of STEP);

- to ensure that management has and implements procedures to comply with, and to monitor compliance with, significant policies and procedures by which STEP is operated;
- to promote, and to ensure that management promotes, high environmental standards in STEP's operations in compliance with environmental laws and legislation;
- to ensure that management establishes appropriate programs and policies for the health and safety of STEP's employees in the workplace;
- to monitor STEP's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- to take action when performance falls short of its goals and objectives or when other special circumstances warrant or when changing circumstances in the business environment create risks or opportunities for STEP;
- to approve annual (or more frequent as the Board feels to be prudent from time to time) operating and capital budgets and review and consider amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy which diverge from the ordinary course of business that may significantly impact the value of or opportunities available to STEP; and
- to implement internal control and information systems and to monitor the effectiveness of same so as to allow the Board to conclude that management is discharging its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

#### **G. Governance**

##### **I. The Board has the responsibility:**

- to develop a position description for the Chair of the Board;
- to facilitate the continuity, effectiveness and independence of the Board by, among other things:
  - appointing from amongst the Directors an Audit Committee, a Compensation and Corporate Governance Committee, and a Health, Safety and Environment Committee and such other Committees of the Board as the Board deems appropriate;
  - defining the mandate, including both responsibilities and delegated authorities, of each Committee of the Board;
  - establishing a system to enable any Director to engage an outside adviser at the expense of STEP;
  - ensuring that processes are in place and are utilized to assess the effectiveness of the Chair of the Board, the Board as a whole, each Director, each Committee of the Board and each Committee's Chair;
  - reviewing annually the composition of the Board and its Committees and assess Directors' performance on an ongoing basis, and propose new members to the Board;
  - identifying and providing continuing education for the Directors so that the Directors may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of STEP's business remains current; and
  - reviewing annually the adequacy and form of the compensation of the Directors.

#### **H. New Director Orientation**

- I. New Directors will be provided with an orientation which will include written information about the duties and obligations of Directors and the business and operations of STEP, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other Directors.
- II. While not an absolute requirement, certification of directors through the Institute of Corporate Directors ("ICD") or other such competent body that educates and assesses directors for competence to direct Canadian corporations is preferred.

**I. Conflicts of Interest**

- I. Directors have a duty to act honestly and in good faith with a view to the best interests of STEP and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.
- II. Each Director serves in his or her personal capacity and not as an employee, agent or representative of any other company, organization or institution, even if the Director is employed by a shareholder or any other entity which does business with STEP. In providing direction to STEP, Directors acknowledge that the wellbeing of STEP is their sole concern. Any Director must not be affected in his or her deliberations and decision-making by any relationship with any outside person or party including any specific shareholder no matter which one and no matter what the relationship between the Director and that Shareholder. Directors shall not allow personal interests to conflict with their duties to STEP and shall avoid and refrain from involvement in situations of conflict of interest.
- III. A Director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict or perceived conflict with that Director's duty to STEP.
- IV. A Director shall disclose promptly any interest that Director may have in an existing or proposed contract or transaction of or with STEP.
- V. The disclosures contemplated in paragraphs (II) and (III) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any Committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur by e-mail to the other Directors immediately upon realization of the conflicting situation and then confirmed at the first Board and/or Committee meeting after the Director becomes aware of the potential conflict of interest that is attended by the conflicted Director.
- VI. A Director's disclosure to the Board or a Committee of the Board shall disclose the full nature and extent of that Director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board or such Committee of the Board.
- VII. A Director with a conflict of interest or who may be perceived as being in a conflict of interest with respect to STEP shall abstain from discussion and voting by the Board or any Committee of the Board on any motion to recommend or approve the subject matter of such conflict unless the matter relates primarily to the Director's remuneration or benefits or as otherwise permitted by applicable law or regulation. If the conflict of interest is obvious and direct, the Director shall withdraw while the item is being considered.
- VIII. Without limiting the generality of "conflict of interest", it shall be deemed a conflict of interest if a Director, a Director's relative, a member of the Director's household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with STEP.
- IX. Directors shall not use information obtained as a result of acting as a Director for personal benefit or for the benefit of others.
- X. Any Director shall not use or provide to STEP any information known by the Director that through a relationship with a third party the Director is not legally able to use or provide.
- XI. Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a Director.

**J. Mandate Review**

- I. This Mandate shall be reviewed and approved by the Board each year after the annual general shareholder meeting of STEP.

**K. General**

- I. The Board may perform any other activities consistent with this Mandate, STEP's Articles and any governing laws as the Board deems necessary or appropriate.

## SCHEDULE B — STEP ENERGY SERVICES LTD. — OPTION PLAN

Effective as of May 1, 2017, as amended effective May 7, 2020 and [June 22, 2023]

### 1. Purpose

The purpose of the Plan is to provide an incentive to the officers, employees and Consultants of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

### 2. Definitions and Interpretation

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"Affiliate"** has the meaning given to it in the Securities Act;
- (b) **"Applicable Withholdings and Deductions"** has the meaning given to that term in section 4;
- (c) **"ARC Energy Fund 6"** means collectively, ARC Energy Fund 6 Canadian Limited Partnership, ARC Energy Fund 6 United States Limited Partnership, ARC Energy Fund 6 International Limited Partnership and ARC Capital 6 Limited Partnership;
- (d) **"ARC Energy Fund 8"** means, collectively, ARC Energy Fund 8 Canadian Limited Partnership, ARC Energy Fund 8 United States Limited Partnership, ARC Energy Fund 8 International Limited Partnership and ARC Capital 8 Limited Partnership;
- (e) **"Associate"** has the meaning given to it in the Securities Act;
- (f) **"Black Out Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
- (g) **"Board"** means the board of directors of the Corporation;
- (h) **"Business Day"** means any day of the year, other than a Saturday, Sunday or day on which major banks are closed for business in Calgary, Alberta;
- (i) **"Change of Control"** means:
  - (i) the acquisition of:
    - (A) shares of the Corporation; and/or
    - (B) securities convertible into, exercisable for or carrying the right to purchase shares of the Corporation ("Convertible Securities"),as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the *Business Corporations Act* (Alberta) with any such person, group of persons or any of such persons (collectively "Acquirors"), other than ARC Energy Fund 6 and ARC Energy Fund 8, beneficially own or exercise control or direction over shares of the Corporation or Convertible Securities such that, assuming only the conversion or exercise of Convertible Securities beneficially owned or over which control or direction is exercised by the Acquirors, the Acquirors would beneficially own or exercise control or direction over shares of the Corporation which would entitle them to cast more than 50% of the votes attaching to all shares of the Corporation which may be cast to elect directors of the Corporation; or
  - (ii) approval by the shareholders of the Corporation of:
    - (A) an amalgamation, arrangement, merger or other consolidation of the Corporation with another corporation pursuant to which:
      - (I) the shareholders of the Corporation immediately prior thereto do not immediately thereafter own shares of the successor or continuing corporation



- which entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation; or
- (II) the shares of the Corporation, when converted, exchanged or otherwise affected pursuant to such amalgamation, arrangement, merger or other consolidation, do not comprise shares of the successor or continuing corporation which entitle the holders thereof to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation;
- (B) a liquidation, dissolution or winding-up of the Corporation; or
- (C) a sale, lease or other disposition of all or substantially all of the assets of the Corporation.
- (j) **"Code"** means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder;
- (k) **"Common Shares"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (l) **"Consultant"** means an individual, other than an employee, executive officer or director of the Corporation or of an Affiliate, that, for an initial, renewable or extended period of 12 months or more:
- (i) is engaged to provide services to the Corporation or an Affiliate, other than services provided in relation to a distribution of the Corporation's securities;
  - (ii) provides the services under a written contract with the Corporation or an Affiliate; and
  - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate;
- and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner
- (m) **"Continuing Entity"** has the meaning given to that term in section 15;
- (n) **"Corporation"** means STEP Energy Services Ltd. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board or a duly empowered committee appointed by the Board;
- (o) **"Departure"** has the meaning given to that term in section 11;
- (p) **"Exchange"** means the Toronto Stock Exchange or, if the Common Shares are not listed or posted on the Toronto Stock Exchange at a particular date, such other stock exchange on which the Common Shares may be listed;
- (q) **"Expiry Date"** has the meaning given to that term in section 9;
- (r) **"Good Reason"** means
- (i) material adverse change in the Optionee's authorities, duties, responsibilities, status (including officers, titles, and reporting requirements) from those in effect immediately prior to a Change of Control where such changes are not accepted by the Optionee;
  - (ii) the Corporation requires the Optionee to be based at a location in excess of one hundred (100) kilometers from the location of the Optionee's principal job location or office immediately prior to a Change of Control, except for required travel on Corporation business to an extent substantially consistent with the Optionee's business obligations immediately prior to a Change of Control;
  - (iii) a material reduction in the Optionee's base salary, or a material reduction in the Optionee's target compensation under any incentive compensation plan, as in effect as of the date of a Change of Control; or
  - (iv) the failure of the Corporation to continue in effect the Optionee's participation in the Corporation's Security Based Compensation Arrangements and any employee benefit and retirement plans, policies or practices, at a level substantially similar or superior to and on a basis consistent with the

relative levels of participation of other similarly-positioned employees, as existed immediately prior to a Change of Control;

- (s) **"Insider"** means:
  - (i) an insider (as defined in the Securities Act) of the Corporation; and
  - (ii) an Affiliate or Associate of any person who is an insider of the Corporation by virtue of sub-paragraph (i) above;
- (t) **"Just Cause"** has the meaning given to such term or to the term "cause" in any written employment agreement between the Optionee and the Corporation, and absent any such agreement containing such definition, means conduct that would constitute lawful just cause for dismissal from employment at common law;
- (u) **"Market Price"** means:
  - (i) on and after the date of any preliminary initial public offering prospectus of the Corporation and up to and including the closing date of any such initial public offering, the initial public offering price of the Common Shares as set forth in the final prospectus of the Corporation; and
  - (ii) for any particular day following the closing date of any such initial public offering, the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange or such other Exchange on which the Common Shares are listed and posted for trading and on which the majority of the trading volume and value of the Common Shares occurs for the five trading days immediately preceding the date on which the Option is granted.

In the event that the Common Shares are not traded on an Exchange, then the Market Price shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;

- (v) **"Non-Qualified Option"** means an option granted under this Plan, which is designated at the time of such grant as a Non-Qualified Security, and which fails to qualify as an incentive option within the meaning of the Code;
- (w) **"Non-Qualified Security"** has the meaning ascribed to it under section 110 of the *Income Tax Act* (Canada);
- (x) **"Option"** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board;
- (y) **"Optionee"** means a person who is an officer, employee or Consultant of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option as determined by the Board, who is granted an Option pursuant to this Plan. For certainty, non-executive directors of the Corporation are not eligible to receive any Option pursuant to this Plan;
- (z) **"Option Agreement"** has the meaning given to that term in section 8;
- (aa) **"Option Period"** means the period determined by the Board during which an Optionee may exercise an Option;
- (bb) **"Permanent Disability"** has the meaning given to such term in any written employment agreement between the Optionee and the Corporation, and absent any such agreement containing such definition, means a mental or physical disability whereby the Optionee:
  - (i) is unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his obligations as an employee, officer or Consultant of the Corporation either for three consecutive months or for a cumulative period of six months out of 12 consecutive calendar months, or
  - (ii) is declared by a Court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs;
- (cc) **"Plan"** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended;
- (dd) **"Securities Act"** means the *Securities Act* (Alberta), as amended;
- (ee) **"Security Based Compensation Arrangement"** shall have the meaning ascribed thereto in section 613 of the Toronto Stock Exchange Company Manual, as amended from time to time; and
- (ff) **"US Taxpayer"** means an Optionee whose compensation from the Corporation or any of its Affiliates is subject to United States federal taxation.

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

### **3. Administration**

The Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive any rules and regulations implemented by the Board to govern the administration and operation of the Plan subject to any other limitations on the Corporation. All decisions and interpretations made by the Board shall be final, binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan to a committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee.

### **4. Tax Withholdings**

Notwithstanding any other provision contained herein, in connection with the exercise or surrender of an Option by an Optionee from time to time, as a condition to such exercise or surrender the Corporation shall require such Optionee to pay to the Corporation (or the relevant subsidiary) an amount, or elect to undertake a cashless exercise as set out in section 10 of this Plan, as necessary so as to ensure that the Corporation (or such subsidiary, as applicable) is in compliance with the applicable provisions of any federal, state, provincial or local law relating to the withholding of tax or other required deductions (the "Applicable Withholdings and Deductions") relating to the exercise or surrender of such Options (or by entering into some other arrangement acceptable to the Corporation in its sole discretion). If the Optionee fails to pay to the Corporation (or the relevant subsidiary) the Applicable Withholdings and Deductions, the Corporation (or the relevant subsidiary, as applicable) shall be entitled to withhold from any amount payable to the Optionee, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation (or the relevant subsidiary) is in compliance with Applicable Withholdings and Deductions relating to the exercise or surrender of such Options.

The Board may adopt such rules or regulations and vary the terms of this Plan and any Option issued in accordance with this Plan as it considers necessary to address tax or other requirements of any applicable non-Canadian jurisdiction, including, without limitation, section 409A of the Code. For certainty, the Board may, in its discretion, grant to a US Taxpayer Options that are Non-Qualified Options.

For greater certainty, Options granted to US Taxpayers are not intended to satisfy the requirements of section 422 of the Code as "incentive stock options". Despite any provision of the Plan to the contrary, it is intended that Options granted under the Plan to US Taxpayers be exempt from Section 409A, and all provisions of the Plan will be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under section 409A. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with the Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any Affiliate will have any obligation to indemnify or otherwise hold such US Taxpayer (or any beneficiary) harmless from any or all of such taxes or penalties.

### **5. Eligibility**

The Board may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to the limitations contained herein, the Board is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. Without limiting the generality of the foregoing, the Board may designate one or more Shares underlying an Option as Non-Qualified Securities to the extent permitted under the *Income Tax Act* (Canada). No Option shall be granted to any person, except upon recommendation of the Board. A person who has been granted an Option may be granted an additional Option or Options if the Board shall so determine.

Despite the foregoing, no Option will be granted during a Black Out Period or other trading restriction imposed by the Corporation (but, for greater certainty, not a cease trade order or other restriction imposed by any person other than the Corporation), or any other time when the Board or the Corporation has any material undisclosed information.

### **6. Participation**

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as an officer, employee or Consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be an officer of or a Consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be an officer or employee of or a Consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

## **7. Common Shares Subject to Options**

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted and outstanding under the Plan at any time plus the number of Common Shares reserved for issuance under all Security Based Compensation Arrangements of the Corporation is unlimited; provided, however, that the aggregate number of Common Shares issuable under this Plan and all other Security Based Compensation Arrangements of the Corporation shall not exceed 9.5% of the issued and outstanding Common Shares on a non-diluted basis at any time.

Notwithstanding the foregoing or any other provision contained herein, the following limits shall apply to the grant of Options under the Plan:

- (a) the maximum number of Common Shares issuable to Insiders at any time under all Security Based Compensation Arrangements shall not exceed 9.5% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis);
- (b) the maximum number of Common Shares that may be issued to Insiders within any one year period under all Security Based Compensation Arrangements shall not exceed 9.5% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis); and
- (c) the maximum number of Common Shares issuable to any one Optionee (including an Insider) at any time under all Security Based Compensation Arrangements shall not exceed 5.0% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis).

provided that for the purpose of the foregoing limits, any Option granted pursuant to the Plan, or securities issued under any other incentive plan of the Corporation, prior to the Optionee becoming an Insider shall be excluded for the purposes of the limits set out in (a) and (b) above.

Appropriate adjustments shall be made as set forth in section 13 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

Options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to this Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired Options.

## **8. Option Agreement**

The Corporation may grant Options by way of stock option agreement in the form attached as Appendix I hereto, or by way of such other form of certificate of grant or written agreement between the Corporation and each Optionee to whom an Option is granted hereunder in each case in such form as the Board may from time to time approve (the "Option Agreement"). The Option Agreement will set out the number of Common Shares subject to option, the exercise price per Common Share, the number of Common Shares subject to the option that are Non-Qualified Securities (if any), and any other terms and conditions approved by the Board, including such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation, all in accordance with the provisions of this Plan. In the event of any inconsistency between the terms of this Plan (including any Board resolution hereto) and any such Option Agreement, the terms of this Plan shall govern.

## **9. Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Option Agreement, which shall be the date of the expiry of the Option Period (the "Expiry Date"), subject to earlier termination as provided in sections 11, 15 and 15(a) hereof and extension provisions relating to a Black Out Period in section 10 hereof. Unless an earlier Expiry Date is determined by the Board, the Expiry Date of each Option shall be 4:30 p.m. (Calgary time) on the fifth anniversary of the date on which such Option is granted.

Subject to any limitations imposed by the Exchange or any other relevant regulatory authority, the exercise price per Common Share of an Option granted under the Plan shall be as determined by the Board when such Option is granted, but shall be no less than the Market Price on the date of grant.

#### **10. Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to him, in whole or in part, at any time prior to the Expiry Date, subject to sections 11, 15 and 15(a) hereof and subject to such Options having vested in accordance with the terms imposed by the Board at the time such Option is granted.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, in form satisfactory to the Board, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by certified cheque or bank draft for the full exercise price of such Common Shares with respect to which the Option is being exercised and any additional payments required pursuant to section 4.

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, the rules and regulations promulgated thereunder, and the requirements of any Exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

If permitted by the Board, an Optionee may elect to surrender an Option by way of cashless exercise in exchange for the issuance of such number of Common Shares equal to the number determined by using the following formula:

$$X=Y(A-(B+C))/A$$

Where:

X = the number of Common Shares to be issued to the Optionee upon such cashless exercise;

Y = the number of Common Shares underlying the Option being exercised;

A = the Market Price of one Common Share (calculated as of the date of Surrender);

B = the exercise price per Common Share of the Option being exercised; and

C = the Applicable Withholdings and Deductions applicable to such Option.

An Option may be surrendered pursuant to this section 10 from time to time by giving written notice to the Corporation in form satisfactory to the Board, which notice shall specify that the Optionee has elected to cashless exercise such Option and the number of Options to be surrendered. The Corporation will not be required, upon the surrender of any Options pursuant to this section 10, to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. If an Optionee would be entitled to a fraction of a Common Share, the Optionee shall have the right to acquire only the adjusted number of Common Shares (rounded down to the nearest whole number) and no payment or other adjustment shall be made with respect to the fraction of a Common Share so disregarded. In the event of a cashless exercise pursuant to this section 10, the Corporation may, as determined applicable to the cashless exercise in the sole discretion of the Board, make the election described in subsection 110(1.1) of the *Income Tax Act* (Canada).

So long as the Common Shares are listed on the Exchange, the Corporation must apply to the Exchange for the listing of the Common Shares issued upon the exercise of all Options granted under the Plan, however, the Corporation cannot guarantee that such Common Shares will be listed on the Exchange.

Notwithstanding anything else contained herein, if the Expiry Date of an Option, or such earlier date on which an Optionee's right to exercise an Option terminates pursuant to section 11(a)(iii), section 11(b)(iii) or section 11(c)(iii), occurs during a Black Out Period applicable to the relevant Optionee, or within seven Business Days after the expiry of a Black Out Period applicable to the relevant Optionee, then the Expiry Date or termination date, as applicable, for the Option shall be the date that is the seventh Business Day after the expiry of the Black Out Period. The foregoing extension applies to all Options outstanding under this Plan from and after the date on which the Common Shares are listed on an Exchange or the Corporation otherwise becomes a "reporting issuer" or its equivalent in any jurisdiction in Canada.

## **11. Ceasing to be an Officer, Employee or Consultant**

Except as otherwise determined by the Board, if an Optionee ceases to be an officer, employee or Consultant of the Corporation or its subsidiaries, and the Optionee does not continue in at least one of such capacities (in each case, a "Departure"), then the following will apply:

- (a) if the reason for the Departure is termination for Just Cause or termination by the Corporation of a consulting contract due to a material breach, then:
  - (i) no further Options of the Optionee shall vest after the date of Departure,
  - (ii) such Optionee's Options that have not vested as of the date of Departure shall terminate and be cancelled immediately for no consideration, and
  - (iii) subject to extension provisions relating to a Black Out Period in section 10, such Optionee's Options which have vested as of the date of Departure may be exercised within the earlier of the Expiry Time and 4:30 p.m. (Calgary time) on the day which is 10 days after the date of Departure, upon which time the right to exercise the Options shall terminate;
- (b) if the reason for the Departure is any reason other than as provided in section 11(a) or 11(c), then:
  - (i) no further Options shall vest after the date of Departure for such Optionee,
  - (ii) such Optionee's Options that have not vested as of the date of Departure shall terminate and be cancelled immediately for no consideration, and
  - (iii) subject to extension provisions relating to a Black Out Period in section 10, such Optionee's Options which have vested as of the date of Departure may be exercised within the earlier of the Expiry Time and 4:30 pm (Calgary time) on the day which is 30 days after the date of Departure, and the right to exercise the Options thereafter shall terminate; or
- (c) if the reason for the Departure is the death or the termination of employment of the Optionee upon the Permanent Disability of the Optionee, then:
  - (i) no further Options of the Optionee shall vest after the date of Departure,
  - (ii) such Optionee's Options that have not vested as of the date of Departure shall terminate and be cancelled immediately for no consideration, and
  - (iii) subject to extension provisions relating to a Black Out Period in section 10, such Optionee's Options which have vested as of the date of Departure may be exercised (by the Optionee's legal representative, if applicable) within the earlier of the Expiry Time and 4:30 p.m. (Calgary time) on the day which is 180 days after the date of Departure, upon which time the right to exercise the Options shall terminate.

In each case, the date of Departure shall mean the last date the Optionee was actively at work. For certainty, the phrase "actively at work" in the case of an Optionee who is an employee of the Corporation does not include any period that follows the Optionee's last day of performing work, whether that period arises from a contractual or common law right, however does include (a) any period of vacation, disability, or other leave permitted by legislation, and (b) any period constituting the minimum notice of termination period that is required to be provided to an employee pursuant to applicable employment standards legislation (if any).

## **12. Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under the Plan or in or under any Option is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution.

## **13. Anti-Dilution of the Option**

- (a) Subject to the approval of the Exchange, if required, in the event of:
  - (i) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;

- (ii) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;
- (iii) any special distribution to all holders of Common Shares (including, for certainty, any declaration or payment of a dividend in respect of the Common Shares in circumstances where such distribution is outside the ordinary course of business of the Corporation), the exercise price per Common Share of the Option will be reduced by an amount equal to the difference between the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange or such other Exchange on which the Common Shares are listed and posted for trading and on which the majority of the trading volume and value of the Common Shares occurs for the five trading days immediately preceding the distribution date and for the five trading days commencing on the distribution date; or
- (iv) any reclassification of the Common Shares at any time issued and outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the issued and outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

#### **14. Costs**

The Corporation shall pay all costs of administering the Plan.

#### **15. Vesting**

- (a) Options shall vest as to one-third of the total grant on each of the first three anniversaries of the grant date (with any fractions of Options being rounded up to the nearest whole number) if, as of each applicable date, the Optionee is still an officer, employee or Consultant of the Corporation or any subsidiary of the Corporation, or on such other vesting schedule as the Board may determine at the time of grant, and no Option may be exercised unless and until it has vested. For certainty, the vesting schedule for all Options shall be time-based and shall not be tied to achievement of any performance objective.
- (b) In the event of a Change of Control:
  - (i) despite any other provision of this Plan, all unvested Options then outstanding will be substituted by or replaced with stock options of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereto) (the "Continuing Entity") on the same terms and conditions as the original Options;
  - (ii) if within 12 months of the Change of Control, an Optionee's service, consulting relationship, or employment with the Corporation, an Affiliate or the Continuing Entity is terminated without Just Cause, or the Optionee resigns from his or her employment for Good Reason, the vesting of all Options (including any stock options with which the Options were substituted or replaced in accordance with section 15(b)(i) above) then held by such Optionee (and, if applicable, the time during which such Options may be exercised) will be accelerated in full;
  - (iii) if the Continuing Entity fails to comply with section 15(b)(i) above, the vesting of all then outstanding Options (and, if applicable, the time during which such Options may be exercised) will, be accelerated

in full with effect immediately prior to the occurrence of the Change of Control and the Optionee shall be permitted to conditionally exercise any or all of the remaining Options effective immediately prior to the completion of any such transaction for the sole purpose of participating in such transaction; and

- (iv) no fractional Common Shares or other security will be issued upon the exercise of any Option and accordingly, if as a result of a Change of Control, an Optionee would become entitled to a fractional Common Share or other security, such Optionee will have the right to acquire only the next lowest whole number of Common Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

#### **16. Acceleration of Expiry Time**

Notwithstanding any other provisions contained herein, the Board may, in its sole discretion, accelerate the Expiry Time or shorten the time period within which the Options shall be exercisable in connection with a transaction available to all shareholders resulting in a Change of Control; provided that such acceleration or shortening of time periods shall not prohibit the Optionee from exercising such Optionee's vested Options to participate in such Change of Control transaction to the extent such Optionee would otherwise have been entitled to do so.

#### **17. Renewal, Termination and Amendment**

- (a) For so long as the rules of the Toronto Stock Exchange so require, all unallocated Options will be subject to renewal approval by the holders of the Common Shares at an annual general meeting of such shareholders held within three years following the listing of the Common Shares on the Toronto Stock Exchange and at each annual general meeting of such shareholders every three years after such meeting.
- (b) Subject to the applicable rules of the Exchange, the Board may from time to time, in its absolute discretion and without the approval of the shareholders of the Corporation, make the following amendments to the Plan or any Option:
  - (i) any amendment to the vesting provisions of the Plan and any Option Agreement, including to accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of an Option;
  - (ii) any amendment to the Plan or an Option as necessary to comply with applicable law or the requirements of the Exchange or any other regulatory body having authority over the Corporation, the Plan or the shareholders of the Corporation;
  - (iii) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;
  - (iv) any amendment respecting the administration of the Plan;
  - (v) any amendment in connection with a Change of Control so as to assist the Optionees to tender the underlying Common Shares to, or participate in, the actual or potential event or to obtain the advantage of holding the underlying Common Shares during such event; and to terminate, following the successful completion of such event, on such terms as it sees fit, the Options not exercised prior to the successful completion of such event; and
  - (vi) any other amendment that does not require the approval of the shareholders of the Corporation as expressly set out in this section 17.
- (c) Approval of the shareholders of the Corporation will be required for the following amendments to the Plan or any Option:
  - (i) any increase in the number of Common Shares reserved for issuance under the Plan;
  - (ii) any amendment to increase or remove the Insider participation limits set out in section 7;
  - (iii) any reduction in the exercise price per Common Share of an Option, cancellation and reissue of Options or substitution of Options with cash or other awards on terms that are more favourable to the Optionees;
  - (iv) any extension of the expiry of an Option, except as otherwise provided herein;



- (v) an amendment that would permit Options to be transferable or assignable other than for normal estate settlement purposes;
  - (vi) any amendment that would materially modify the eligibility requirements for participation in this Plan; and
  - (vii) an amendment to any of the amending provisions set out in section 17(b) and this section 17(c).
- (d) Subject to the foregoing, the Board may, at any time and from time to time, without the approval of the holders of Common Shares, suspend, discontinue or amend this Plan or an Option; provided that unless Optionees holding at least 75% of the Options then issued and outstanding otherwise consent in writing, the Board may not suspend, discontinue or amend the Plan or amend any outstanding Option in a manner that would materially adversely affect any Option previously granted to an Optionee under the Plan, and any such suspension, discontinuance or amendment of the Plan or amendment to an Option shall apply only in respect of Options granted on or after the date of such suspension, discontinuance or amendment.
- (e) At any time the Common Shares are listed on the Exchange, any amendment to this Plan or any outstanding Options shall be subject to Exchange approval.

#### **18. No Liability**

The Corporation shall not be liable to any Optionee for any loss resulting from a decline in the market value of any Common Shares.

No Optionee has any right to compensation or damages for any loss in relation to this Plan or any Option Agreement, including any loss arising from, in lieu of, or relating to:

- (a) any loss or reduction of rights or expectations under the Plan or any Option Agreement in any circumstances (including termination of employment for any reason);
- (b) any exercise of discretion, or a decision taken, in relation to the Plan or any Option Agreement, or any failure to exercise discretion or make a decision; or
- (c) not receiving any Option which would have been granted after the Termination Date, including but not limited to damages in lieu of notice at common law.

#### **19. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Unless otherwise specified, all monetary or dollar amounts set forth herein or in any Option shall be payable in the lawful money of Canada.

#### **20. Effective Date**

This Plan was initially approved by the Board on, and became effective as of, May 2, 2017. The Plan was amended effective May 7, 2020 and [June 22, 2023].

**APPENDIX I**  
**to the stock option plan of STEP Energy Services Ltd. effective May 2, 2017, as amended.**

**STOCK OPTION AGREEMENT (No. ●)**

**THIS AGREEMENT** made as of the \_\_\_\_ day of \_\_\_\_\_, 20●, between:

**STEP ENERGY SERVICES LTD.**, a corporation subsisting under the laws of Alberta,  
(the "Corporation")

and

●, of the City of ●, in the [Province/State] of ●,  
(the "Optionee").

**THIS AGREEMENT WITNESSETH** that in consideration of the mutual covenants hereinafter contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as set forth herein.

1. Capitalized terms used herein shall have the meaning given to such terms in the stock option plan of the Corporation made effective May 2, 2017, as amended from time to time (the "Plan"). In the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan shall govern.

2. The Corporation hereby grants to the Optionee in accordance with the Plan options ("Options") to purchase ● common shares in the capital of the Corporation (the "Option Shares"), as constituted at the date of this Agreement at the price of \$● per common share (the "Exercise Price") at any time (in compliance with the balance of this paragraph 2) prior to 4:30 p.m. (Calgary time) on ● (hereinafter called the "Expiry Date"). On the Expiry Date the Options shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Option Shares in respect of which the Options hereby granted have not then been exercised subject to (i) a Departure; (ii) an acceleration of the Expiry Time; and (iii) an extension with respect to a Black Out Period. The Options shall vest and be exercisable in accordance with the following:

- (b) the Options will vest as to one-third on each of the first, second and third anniversaries of the date hereof, (with any fractions of Options being rounded up to the nearest whole number) if, as of each applicable date, the Optionee is still an officer, employee or Consultant of the Corporation or any subsidiary of the Corporation;
- (c) in the event of a Change of Control:
  - (i) despite any other provision of this Plan, all unvested Options then outstanding will be substituted by or replaced with stock options of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereto) (the "Continuing Entity") on the same terms and conditions as the original Options;
  - (ii) if within 12 months of the Change of Control, an Optionee's service, consulting relationship, or employment with the Corporation, an Affiliate or the Continuing Entity is terminated without Just Cause, or the Optionee resigns from his or her employment for Good Reason, the vesting of all Options (including any stock options with which the Options were substituted or replaced in accordance with paragraph 2(c)(i) above) then held by such Optionee (and, if applicable, the time during which such Options may be exercised) will be accelerated in full;
  - (iii) if the Continuing Entity fails to comply with paragraph 2(iii) above, the vesting of all then outstanding Options (and, if applicable, the time during which such Options may be exercised) will, be accelerated in full with effect immediately prior to the occurrence of the Change of Control and the Optionee shall be permitted to conditionally exercise any or all of the remaining Options effective immediately prior to the completion of any such transaction for the sole purpose of participating in such transaction; and
  - (iv) no fractional Common Shares or other security will be issued upon the exercise of any Option and accordingly, if as a result of a Change of Control, an Optionee would become entitled to a fractional Common Share or other security, such Optionee will have the right to acquire only the next lowest whole number of Common Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

The Option Shares subject to the Options granted hereby are "non-qualified securities" within the meaning of section 110 of the *Income Tax Act (Canada)* as follows:

"vesting year" (within the meaning of subsection 110(0.1) of the <i>Income Tax Act</i> (Canada))	Shares that are "non-qualified securities"
●	●
●	●
●	●

3. The Options granted hereunder and the termination of the Options shall be governed by the terms of the Plan.
4. Attached hereto as Schedule "A" is a form of notice that the Optionee may use to exercise any of his or her Options in accordance with the terms of the Plan.
5. Nothing herein contained or done pursuant hereto shall obligate the Optionee to purchase and pay for any Option Shares, except those Option Shares in respect of which the Optionee shall have exercised in the manner herein provided.
6. In the event of:
  - (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;
  - (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;
  - (c) any special distribution to all holders of Common Shares (including, for certainty, any declaration or payment of a dividend in respect of the Common Shares in circumstances where such distribution is outside the ordinary course of business of the Corporation), the exercise price per Common Share of the Option will be reduced by an amount equal to the difference between the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange or such other Exchange on which the Common Shares are listed and posted for trading and on which the majority of the trading volume and value of the Common Shares occurs for the five trading days immediately preceding the distribution date and the five trading days commencing on the distribution date; or
  - (d) any reclassification of the Common Shares at any time issued and outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the issued and outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer

The adjustments in the number of Common Shares issuable pursuant to an Option provided for above are to be cumulative.

Upon any adjustment of the number of Common Shares which may be purchased upon exercise of an Option, and/or the exercise price of such Option, the Corporation shall give written notice to the Optionee, determined as of the date of notice, giving particulars of such adjustment. In the event of any question arising with respect to the number of Common Shares issuable as a result of any such events, such questions shall be conclusively determined by the Board, and the determination of the Board shall be binding upon the Corporation and the Optionee. In the event the Corporation agrees to sell all or substantially all of the assets of the Corporation for cash, it shall, subject to applicable securities laws, use its best efforts to give the Optionee at least ten days' notice prior to the date of finalization of such proposed sale, determined as of the date of notice.

7. The Optionee shall have no rights whatsoever as a shareholder in respect of any of the Option Shares, including any right to receive dividends or other distributions therefrom or thereon, other than in respect to Option Shares in respect of which the Optionee shall have exercised an Option and which the Optionee shall have actually paid for.

8. The Optionee acknowledges he/she has no right to compensation or damages for any loss in relation to the Plan or this Option Agreement, including any loss arising from, in lieu of, or relating to: (a) any loss or reduction of rights or expectations under the Plan or this Option Agreement in any circumstances (including termination of employment for any reason); (b) any exercise of discretion, or a decision taken, in relation to the Plan or this Option Agreement, or any failure to exercise discretion or make a decision; or (c) not receiving any Options which would have been granted after the Termination Date, including but not limited to damages in lieu of notice at common law.

9. By executing this Option Agreement, the Optionee represents, warrants and acknowledges (i) that he or she has read and understands the Plan and agrees to the terms and conditions thereof and of this Option Agreement; (ii) that his or her participation in the trade and acceptance of the Options is voluntary; and (iii) that he or she has not been induced to participate in the Option Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as applicable, with the Corporation or its Affiliates

10. Any notice required or permitted to be given hereunder shall be in writing and shall be sufficiently given if delivered or given by registered mail, postage prepaid, addressed, if to the Optionee at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

and if to the Corporation at:

STEP Energy Services Ltd.  
Bow Valley Square II  
1200, 205 – 5 Avenue S.W.  
Calgary, AB T2P 2V7  
Facsimile: (403) 457-2747

Attention: Chief Financial Officer

11. Time shall be of the essence of this Agreement.

12. This Agreement shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

13. This Agreement constitutes the entire agreement among the parties relating to the subject matter hereof and supersedes all prior agreements and undertakings, oral or written, between the parties hereto with respect to the subject matter hereof, other than the Plan.

*(Remainder of Page Left Intentionally Blank)*

14. This Agreement shall enure to the benefit of and be binding upon the Corporation, its successors and assigns, and the Optionee and the Optionee's legal personal representative. Except as permitted by the Board, this Agreement shall not be assignable by the Optionee or by the Optionee's legal personal representative.

**IN WITNESS WHEREOF** this Agreement has been executed by the parties hereto as of the day and year first above written.

**STEP ENERGY SERVICES LTD.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_●

**SCHEDULE "A"**  
**EXERCISE FORM**

**TO: STEP ENERGY SERVICES LTD.**

Terms used herein and not otherwise defined shall have the meanings ascribed thereto in the stock option agreement (the "Option Agreement") of STEP Energy Services Ltd. to which this exercise form is attached.

Please select "Option 1" or "Option 2".

**OPTION 1:**

The undersigned hereby irrevocably exercises the right to acquire \_\_\_\_\_ Common Shares at an Exercise Price of \$\_\_\_\_\_ per Common Share in accordance with and subject to the provisions of the Option Agreement and the Plan and encloses or delivers herewith payment in the amount of \$\_\_\_\_\_, representing the aggregate Exercise Price for \_\_\_\_\_ Options.

Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact the Corporation for details of such amount): \$\_\_\_\_\_.

**OPTION 2:**

The undersigned hereby irrevocable elects to make a "cashless" exercise of \_\_\_\_\_ Options at an Exercise Price of \$\_\_\_\_\_ per Common Share in accordance with and subject to the provisions of the Option Agreement and the Plan.

The undersigned acknowledges that the number of Common Shares to be issued will be calculated on the basis of the formula for cashless exercise set out in section 10 of the Plan.

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**REGISTRATION AND DELIVERY INSTRUCTIONS:**

The Common Shares issued upon the exercise of Options pursuant to Option 1 or Option 2 above are to be issued as follows:

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

Address for registration: \_\_\_\_\_

Address for delivery (if different from above): \_\_\_\_\_

*(Remainder of Page Left Intentionally Blank)*

DATED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

#### Instructions

1. The Optionee may exercise its right to receive Common Shares by completing this form and surrendering this form to the Corporation, together with the applicable Exercise Price (in the case of an exercise pursuant to Option 1 only) and any other additional payments and documentation required by the Corporation, at Bow Valley Square II, 1200, 205 – 5 Avenue S.W., Calgary, Alberta T2P 2V7, Attention: Chief Financial Officer. **The rights of the Holder cease if the Options are not exercised prior to the time and date specified in the Stock Option Agreement and Plan.**
2. If this exercise form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, this exercise form and the Option Agreement must, upon the request of the Corporation, be accompanied by evidence of authority to sign satisfactory to the Corporation.

## SCHEDULE C — STEP ENERGY SERVICES LTD. — PERFORMANCE AND RESTRICTED SHARE UNIT PLAN

Effective as of May 1, 2017, as amended effective May 7, 2020 and [June 22, 2023]

### Section 1. Interpretation and Administrative Provisions

#### 1.1 Purpose

The purposes of the Plan are to: (i) support the achievement of the Corporation's performance objectives; (ii) ensure that interests of key persons are aligned with the long-term success of the Corporation and the creation of value for its shareholders; (iii) provide consistent compensation opportunities to attract, retain and motivate senior management critical to the long-term success of the Corporation and its subsidiaries; and (iv) mitigate excessive risk-taking by the Corporation's key employees.

#### 1.2 Definitions

For the purposes of the Plan, the following terms have the following meanings:

"**Affiliate**" has the meaning given to it in the Securities Act.

"**Applicable Withholdings**" means an amount as necessary so as to ensure that the Corporation (or other Participating Company, as applicable) is in compliance with the applicable provisions of any federal, state, provincial or local law relating to the withholding of tax or other required deductions relating to the redemption of a Share Unit.

"**ARC Energy Fund 6**" means collectively, ARC Energy Fund 6 Canadian Limited Partnership, ARC Energy Fund 6 United States Limited Partnership, ARC Energy Fund 6 International Limited Partnership and ARC Capital 6 Limited Partnership.

"**ARC Energy Fund 8**" means, collectively, ARC Energy Fund 8 Canadian Limited Partnership, ARC Energy Fund 8 United States Limited Partnership, ARC Energy Fund 8 International Limited Partnership and ARC Capital 8 Limited Partnership.

"**Associate**" has the meaning given to it in the Securities Act.

"**Black Out Period**" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a Share Unit.

"**Board**" means the board of directors of the Corporation.

"**Canadian Participant**" means any Participant who is not a U.S. Participant and who is a Canadian resident for tax purposes.

"**Change of Control**" means:

- (i) the acquisition of:
  - (A) shares of the Corporation; and/or
  - (B) securities convertible into, exercisable for or carrying the right to purchase shares of the Corporation ("Convertible Securities"),  
  
as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the *Business Corporations Act* (Alberta) with any such person, group of persons or any of such persons (collectively "Acquirors"), other than ARC Energy Fund 6 and ARC Energy Fund 8, beneficially own or exercise control or direction over shares of the Corporation or Convertible Securities such that, assuming only the conversion or exercise of Convertible Securities beneficially owned or over which control or direction is exercised by the Acquirors, the Acquirors would beneficially own or exercise control or direction over shares of the Corporation which would entitle them to cast more than 50% of the votes attaching to all shares of the Corporation which may be cast to elect directors of the Corporation; or
- (ii) approval by the shareholders of the Corporation of:
  - (A) an amalgamation, arrangement, merger or other consolidation of the Corporation with another corporation pursuant to which:
    - (I) the shareholders of the Corporation immediately prior thereto do not immediately thereafter own shares of the successor or continuing corporation which entitle them to cast more than 50% of the votes attaching to all shares in



- the capital of the successor or continuing corporation which may be cast to elect directors of that corporation; or
- (II) the shares of the Corporation, when converted, exchanged or otherwise affected pursuant to such amalgamation, arrangement, merger or other consolidation, do not comprise shares of the successor or continuing corporation which entitle the holders thereof to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation;
- (B) a liquidation, dissolution or winding-up of the Corporation; or
- (C) a sale, lease or other disposition of all or substantially all of the assets of the Corporation.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time and the Treasury Regulations promulgated thereunder.

"**Common Share**" means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified.

"**Continuing Entity**" has the meaning given to it in Section 4.3(a).

"**Corporation**" means STEP Energy Services Ltd. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board or a duly empowered committee appointed by the Board.

"**Departure**" has the meaning given to it in Section 4.2.

"**Dividend Performance Share Unit**" has the meaning set out in Section 3.2.

"**Dividend Restricted Share Unit**" has the meaning set out in Section 3.2.

"**Dividend Share Unit**" means a Dividend Performance Share Unit or a Dividend Restricted Share Unit.

"**Eligible Person**" means any employee or officer of a Participating Company and includes any such person who is on a leave of absence authorized by a Participating Company (which shall include all statutory leaves of absence) and, with respect to the grant of Performance Share Units made in 2017 only, may include independent directors of the Corporation.

"**Exchange**" means the Toronto Stock Exchange or, if the Common Shares are not listed or posted on the Toronto Stock Exchange at a particular date, such other stock exchange on which the Common Shares may be listed.

"**Expiry Date**" means the date set out in the Grant Agreement.

"**Fair Market Value**" means the volume weighted average trading price of a Common Share on the principal stock exchange on which such Common Shares are traded for the 5 trading days immediately preceding the applicable day.

"**Good Reason**" means

- (i) a material adverse change in the Participant's authorities, duties, responsibilities, status (including officers, titles, and reporting requirements) from those in effect immediately prior to a Change of Control where such changes are not accepted by the Participant;
- (ii) a Participating Company requires the Participant to be based at a location in excess of one hundred (100) kilometers from the location of the Participant's principal job location or office immediately prior to a Change of Control, except for required travel on Participating Company business to an extent substantially consistent with the Participant's business obligations immediately prior to a Change of Control;
- (iii) a material reduction in the Participant's base salary, or a material reduction in the Participant's target compensation under any incentive compensation plan, as in effect as of the date of a Change of Control; or
- (iv) the failure of the Corporation to continue in effect the Participant's participation in the Corporation's Security Based Compensation Arrangements and any employee benefit and retirement plans, policies or practices, at a level substantially similar or superior to and on a basis consistent with the relative levels of participation of other similarly-positioned employees, as existed immediately prior to a Change of Control.

**"Grant Agreement"** means an agreement substantially in the form set out as Schedule A, in the case of Performance Share Units and substantially in the form set out as Schedule B, in the case of Restricted Share Units, each as amended by the Board from time to time.

**"Grant Date"** means the date the Board completes all requisite actions required to approve the grant of a Share Unit.

**"Grant Term"** has the meaning set out in the Grant Agreement for Restricted Share Units.

**"Insider"** means:

- (i) an insider (as defined in the Securities Act) of the Corporation; and
- (ii) an Affiliate or Associate of any person who is an insider of the Corporation by virtue of sub-paragraph (i) above.

**"Just Cause"** has the meaning given to such term or to the term "cause" in any written employment agreement between the Participant and a Participating Company, and absent any such agreement containing such definition, means conduct that would constitute lawful just cause for dismissal from employment at common law.

**"Non-Qualified Security"** has the meaning ascribed to it under section 110 of the *Income Tax Act* (Canada).

**"Participant"** means any Eligible Person to whom a Share Unit is granted.

**"Participating Company"** means the Corporation, and such of its Affiliates as are designated by the Board from time to time.

**"Performance Multiplier"** means the Performance Multiplier set out in the Grant Agreement for an award of Performance Share Units, if applicable.

**"Performance Period"** means the period commencing on the Grant Date and ending on the day specified in the Grant Agreement.

**"Performance Share Unit"** means a right granted to an Eligible Person to receive, as set out in the Plan, a Common Share, based on the achievement of the performance criteria set out in the applicable Grant Agreement.

**"Performance Vested PSU"** has the meaning set out in Section 4.1(c).

**"Performance Warrants"** means the performance warrants issued to directors, officers, employees and consultants of the Corporation prior to the effective date of this Plan.

**"Permanent Disability"** has the meaning given to such term in any written employment agreement between the Participant and a Participating Company, and absent any such agreement containing such definition, means a mental or physical disability whereby the Participant:

- (i) is unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his obligations as an employee or officer of the Participating Company either for three consecutive months or for a cumulative period of six months out of 12 consecutive calendar months, or
- (ii) is declared by a Court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs

**"Plan"** means the STEP Energy Services Ltd. Performance and Restricted Share Unit Plan, as amended from time to time.

**"Prior Option Plan"** means the prior stock option plan of the Corporation dated effective March 28, 2011, grants of options under which have been discontinued.

**"Redemption Date"** means the date elected by a Canadian Participant pursuant to Section 3.3(a) or, as applicable, the date elected by a U.S. Participant pursuant to Section 3.3(b).

**"Redemption Notice"** mean a notice substantially in the form set out as Schedule C, as amended by the Board from time to time.

**"Restricted Share Unit"** means a right granted to an Eligible Person to receive, as set out in the Plan, a Common Share.

**"Securities Act"** means the *Securities Act* (Alberta), as amended.

**"Security Based Compensation Arrangement"** shall have the meaning ascribed thereto in section 613 of the Toronto Stock Exchange Company Manual, as amended from time to time.

**"Separation from Service"** means, with respect to a U.S. Participant, the first date on or after the U.S. Participant's Departure on which the Participant has a separation from service under Treasury Regulation Section 1.409A-1(h).

**"Share Unit"** means a Performance Share Unit or a Restricted Share Unit.

**"Share Unit Account"** means the notional account maintained for each Participant to which Share Units are credited.

**"Treasury Regulations"** means the Treasury Regulations promulgated under the Code.

**"U.S. Participant"** means, any Participant who is a United States citizen, United States resident alien as defined for purposes of Code Section 7701(b)(1)(A) or any other person who is subject to United States income tax in connection with an award of Share Units.

**"Vested Performance Share Unit"** has the meaning set out in Section 4.1(a).

**"Vested Restricted Share Unit"** has the meaning set out in Section 4.1(b).

**"Vested Share Unit"** means a Vested Performance Share Unit or a Vested Restricted Share Unit.

**"Vesting Date"** means the date or dates designated in the Grant Agreement, or such earlier date as is provided for in the Plan or is determined by the Board.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders.

### 1.3 Effective Date of Plan

This Plan was initially approved by the Board on, and became effective as of, May 2, 2017. The Plan was amended effective May 7, 2020 and [June 22, 2023].

### 1.4 Common Shares Reserved for Issuance

- (a) The number of authorized but unissued Common Shares that may be issued upon the exercise of Share Units granted and outstanding at any time plus the number of Common Shares reserved for issuance under all Security Based Compensation Arrangements of the Corporation is unlimited; provided, however, that:
  - (i) the number of Common Shares issuable under this Plan shall not exceed 5.0% of the issued and outstanding Common Shares on a non-diluted basis at any time; and
  - (ii) the aggregate number of Common Shares issuable under this Plan and all other Security Based Compensation Arrangements of the Corporation shall not exceed 9.5% of the issued and outstanding Common Shares on a non-diluted basis at any time.
- (b) Notwithstanding the foregoing or any other provision contained herein, the following limits shall apply to the grant of Share Units under the Plan:
  - (i) the maximum number of Common Shares issuable to Insiders at any time under all Security Based Compensation Arrangements shall not exceed 9.5% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis);
  - (ii) the maximum number of Common Shares that may be issued to Insiders within any one year period under all Security Based Compensation Arrangements shall not exceed 9.5% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis); and
  - (iii) the maximum number of Common Shares issuable to any one Participant (including an Insider) at any time under all Security Based Compensation Arrangements shall not exceed 5.0% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis),provided that for the purpose of the foregoing limits, any Share Unit granted pursuant to the Plan, or securities issued under any other incentive plan of the Corporation, prior to the Participant becoming an Insider shall be excluded for the purposes of the limits set out in (i) and (ii) above.
- (c) Appropriate adjustments shall be made as set forth in Section 5.1 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.
- (d) Share Units that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent

grant of Share Units pursuant to this Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired Share Units.

## **Section 2. Administration**

### **2.1 Administration of the Plan**

The Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive any rules and regulations implemented by the Board to govern the administration and operation of the Plan subject to any other limitations on the Corporation. All decisions and interpretations made by the Board shall be final, binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan to a committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee.

This Plan is intended to comply with the requirements of Code Section 409A. A U.S. Participant shall be subject to such additional rules and requirements as specified by the Board from time to time in order to comply with Code Section 409A. If any provision of the Plan contravenes Code Section 409A or could cause the U.S. Participant to incur any tax, interest or penalties under Code Section 409A, the Board may, in its sole discretion and without the U.S. Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Code Section 409A, or to avoid incurring taxes, interest or penalties under Code Section 409A, and otherwise (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the U.S. Participant of the applicable provision without materially increasing the cost to any Participating Company or contravening Code Section 409A. However, the Corporation shall have no obligation to modify the Plan or any Share Unit and does not guarantee that Share Units will not be subject to taxes, interest and penalties under Code Section 409A.

### **2.2 Governing Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Unless otherwise specified, all monetary or dollar amounts set forth herein or in any Share Unit shall be expressed in the lawful money of Canada.

### **2.3 Determination of Value if Common Shares Not Publicly Traded**

Should Common Shares no longer be publicly traded at the relevant time such that the Fair Market Value cannot be determined in accordance with the formula set out in the definition of that term, the Fair Market Value of a Common Share shall be determined by the Board in its sole discretion.

### **2.4 U.S. Participant**

Notwithstanding any other provision of the Plan to the contrary:

- (a) If at the time of Separation from Service the Corporation's Common Shares are publicly traded on an established securities market or otherwise, each U.S. Participant who is a "specified employee" of a Participating Company within the meaning of Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i), shall not receive any payment under the Plan until the first day of the seventh month following the date of such Participant's Separation from Service (or, if earlier, the date of death).
- (b) The acceleration of the time of any payment under the Plan is prohibited except as provided in Treasury Regulation Section 1.409A-3(j)(4) and administrative guidance promulgated under Section 409A of the Code.

## **Section 3. Share Units**

### **3.1 Awards of Share Units**

The Board may grant Share Units to Eligible Persons in its sole discretion. The award of a Share Unit to an Eligible Person at any time shall neither entitle such Eligible Person to receive nor preclude such Eligible Person from receiving a subsequent grant of Share Units. The Board shall, with respect to each award of Performance Share Units, establish at the time of grant the performance measures and objectives that shall determine the proportion of the award becoming Performance Vested PSUs by virtue of the application of the Performance Multiplier.

Despite the foregoing, no Share Unit will be granted during a Black Out Period or other trading restriction imposed by the Corporation (but, for greater certainty, not a cease trade order or other restriction imposed by any person other than the Corporation), or any other time when the Board or the Corporation has any material undisclosed information.

For greater certainty, the Board shall designate one or more Common Shares underlying a Share Unit or Dividend Share Unit as Non-Qualified Securities to the extent permitted under the *Income Tax Act* (Canada).

### 3.2 Crediting of Share Units and Dividend Share Units

Share Units granted to a Participant shall be credited to the Participant's Share Unit Account on the Grant Date. Each grant of Share Units must be confirmed by a Grant Agreement signed by the Corporation and the Participant. From time to time, a Participant's Share Unit Account may be credited with Dividend Share Units in the form of additional Performance Share Units ("Dividend Performance Share Units") in respect of outstanding Performance Share Units or Restricted Share Units ("Dividend Restricted Share Units") in respect of outstanding Restricted Share Units on each dividend payment date in respect of which normal cash dividends are paid on Common Shares, if applicable. Such Dividend Share Units shall be computed as:

- (a) the amount of the dividend declared and paid per Common Share multiplied by the number of Performance Share Units and Restricted Share Units, as applicable, recorded in the Participant's Share Unit Account on the date for the payment of such dividend, divided by
- (b) the Fair Market Value of a Common Share as at the dividend payment date.

Each Dividend Performance Share Unit shall be subject to the same terms as the associated Performance Share Unit except that Dividend Performance Share Units shall be deemed to have a Performance Multiplier of 1.0x for all purposes and each Dividend Restricted Share Unit shall be subject to the same terms as the associated Restricted Share Unit.

### 3.3 Redemption Date Notice

Participants shall elect a Redemption Date for Share Units as follows:

- (a) Canadian Participants may elect at any time to redeem Vested Share Units on any date or dates on or after the date the Share Units become Vested Share Units and on or before the Expiry Date; and
- (b) U.S. Participants shall elect to redeem Vested Share Units on a fixed date or dates after the date the Share Units become Vested Share Units and on or before the Expiry Date provided that such election must be irrevocably made prior to the earlier of: (i) the first day of the taxable year of the U.S. Participant in which the Performance Period begins, (ii) if no Performance Period, the first day of the taxable year of the U.S. Participant in which the award is to be earned and vests, begins, (iii) with respect to a U.S. Participant newly eligible to participate in the Plan where there is at least 12 months remaining in the Performance Period and the amount of compensation is not ascertainable, within 30 days of the date on which the U.S. Participant became eligible to participate in the Plan and only with respect to compensation earned after such election, or (iv) within the first 30 days for any award with 12 months of service required after the election is made, provided that if a death, Permanent Disability or a change in control (as defined in Treas. Reg. §1.409A-3(i)) occurs within such 12 month period, the election is void,

provided that the Participant will continue to meet any share ownership requirements applicable to the Participant following the redemption or will hold the Common Shares received on the redemption, and provided also that if the Participant does not elect a Redemption Date in respect of an award of Share Units, the Redemption Date for such Share Units shall be the Expiry Date.

### 3.4 Redemption of Share Units

The Corporation shall redeem the Vested Share Units elected (or deemed to be elected) to be redeemed by the Participant on the Redemption Date, by issuing to the Participant within 10 business days the number of Common Shares equal to one Common Share for each whole Vested Share Unit elected (or deemed to be elected) to be redeemed and delivering to the Participant (i) such number of Common Shares; less (ii) the number of Common Shares equal in value to the Applicable Withholdings, which value shall be determined based on the trading price of the Common Shares on the principal stock exchange on which the Common Shares trade on the Redemption Date (or if the Common Shares are not publicly traded, by the Board in its sole discretion). That number of Common Shares so withheld shall be sold on behalf of the Participant and the net proceeds of such sale remitted by the Corporation to the appropriate taxation authorities. Notwithstanding anything to the contrary in this Section or Section 4 and subject to any required delay under Section 2.4(a), the Corporation shall redeem each U.S. Participant's Vested Share Units and transfer Common Shares to the U.S. Participant no later than the earlier of the Redemption Date and the date the U.S. Participant has a Separation from Service, and in no event later than 90 days of such date.

### 3.5 Effect of Redemption of Share Units.

A Participant shall have no further rights respecting any Vested Share Unit which has been redeemed in accordance with the Plan.

### 3.6 Reporting of Share Units

Statements of the Share Unit Accounts will be made available to Participants at least annually.

### 3.7 Black Out Periods

Notwithstanding anything else contained herein, if the Expiry Date of a Share Unit, or such earlier date on which a Participant's right to redeem a Share Unit terminates pursuant to the terms hereof, occurs during a Black Out Period applicable to the relevant Participant, or within seven business days after the expiry of a Black Out Period applicable to the relevant Participant, then the Expiry Date or termination date, as applicable, and the Redemption Date for the Share Unit shall be the date that is the seventh business day after the expiry of the Black Out Period. The foregoing extension applies to all Share Units outstanding under this Plan from and after the date on which the Common Shares are listed on the Exchange or the Corporation otherwise becomes a "reporting issuer" or its equivalent in any jurisdiction in Canada.

## Section 4. Vesting and Departure

### 4.1 Vesting

- (a) Each Performance Vested PSU shall vest (each, a "Vested Performance Share Unit") on the Vesting Date, conditional on the satisfaction of any additional vesting conditions established by the Board from time to time. Dividend Performance Share Units shall vest at the same time and in the same proportion as the associated Performance Share Units.
- (b) Each Restricted Share Unit shall vest (each, a "Vested Restricted Share Unit") on the Vesting Date, conditional on the satisfaction of any additional vesting conditions established by the Board from time to time. Dividend Restricted Share Units shall vest at the same time and in the same proportion as the associated Restricted Share Units.
- (c) The number of Performance Share Units that are performance vested on a Vesting Date is the number of Performance Share Units and Dividend Performance Share Units scheduled to vest on such Vesting Date after applying the Performance Multiplier in effect under the Grant Agreement, if any ("Performance Vested PSUs").

### 4.2 Departure

Except as otherwise determined by the Board, if a Participant ceases to be an officer or employee of a Participating Company, and the Participant does not continue in at least one of such capacities (in each case, a "Departure"), then the following will apply:

- (a) if the reason for the Departure is termination for Just Cause, then:
  - (i) no further Share Units of the Participant shall vest after the date of Departure;
  - (ii) such Participant's Share Units that have not vested as of the date of Departure shall terminate and be cancelled immediately for no consideration; and
  - (iii) subject to extension provisions relating to a Black Out Period in Section 3.7, such Participant's Share Units which have vested as of the date of Departure may be redeemed until the earlier of 4:30 p.m. (Calgary time) on the Expiry Date and 4:30 p.m. (Calgary time) on the day which is 10 days after the date of Departure, upon which time the right to redeem the Share Units shall terminate;
- (b) if the reason for the Departure is any reason other than as provided in Section 4.2(a) or 4.2(c), then:
  - (i) no further Share Units shall vest after the date of Departure for such Participant;
  - (ii) such Participant's Share Units that have not vested as of the date of Departure shall terminate and be cancelled immediately for no consideration; and
  - (iii) subject to extension provisions relating to a Black Out Period in Section 3.7, such Participant's Share Units which have vested as of the date of Departure may be redeemed until the earlier of 4:30 p.m. (Calgary time) on the Expiry Date and 4:30 pm (Calgary time) on the day which is 30 days after the date of Departure, and the right to redeem the Share Units thereafter shall terminate; or
- (c) if the reason for the Departure is the death or the termination of employment of the Participant upon the Permanent Disability of the Participant, then:
  - (i) no further Share Units of the Participant shall vest after the date of Departure;
  - (ii) such Participant's Share Units that have not vested as of the date of Departure shall terminate and be cancelled immediately for no consideration; and
  - (iii) subject to extension provisions relating to a Black Out Period in Section 3.7, such Participant's Share Units which have vested as of the date of Departure may be redeemed (by the Participant's legal representative, if applicable) until the earlier of 4:30 p.m. (Calgary time) on the Expiry Date and 4:30

p.m. (Calgary time) on the day which is 180 days after the date of Departure, upon which time the right to redeem the Share Units shall terminate.

In each case, the date of Departure shall mean the last date the Participant was actively at work. For certainty, the phrase "actively at work" in the case of a Participant who is an employee of a Participating Company does not include any period that follows the Participant's last day of performing work, whether that period arises from a contractual or common law right, however does include (a) any period of vacation, disability, or other leave permitted by legislation, and (b) any period constituting the minimum notice of termination period that is required to be provided to an employee pursuant to applicable employment standards legislation (if any).

#### **4.3 Change of Control**

In the event of a Change of Control:

- (a) despite any other provision of this Plan, all unvested Share Units then outstanding will be substituted by or replaced with share units of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereto) (the "Continuing Entity") on the same terms and conditions as the original Share Units;
- (b) if within 12 months of the Change of Control, Participant's service, consulting relationship, or employment with the Corporation, an Affiliate or the Continuing Entity is terminated without Just Cause, or the Participant resigns from his or her employment for Good Reason, the vesting of all Share Units (including any share units with which the Share Units were substituted or replaced in accordance with Section 4.3(a) above) then held by such Participant (and, if applicable, the time during which such Share Units may be exercised) will be accelerated in full; provided that in such circumstances the Performance Multiplier shall be 1.0x;
- (c) if the Continuing Entity fails to comply with Section 4.3(a) above, the vesting of all then outstanding Share Units (and, if applicable, the time during which such Share Units may be exercised) will, be accelerated in full with effect immediately prior to the occurrence of the Change of Control and the Participant (other than a U.S. Participant) shall be permitted to conditionally redeem any or all of the remaining Share Units effective immediately prior to the completion of any such transaction for the sole purpose of participating in such transaction and, for certainty, in such circumstances the Performance Multiplier shall be 1.0x. With respect to U.S. Participants, the Share Units will become fully vested and will be redeemed to the extent the Change in Control meets the requirements of Treas. Reg. section 1.409A-3(i)(5); and
- (d) no fractional Common Shares or other security will be issued upon the redemption of any Share Unit and accordingly, if as a result of a Change of Control, a Participant would become entitled to a fractional Common Share or other security, such Participant will have the right to acquire only the next lowest whole number of Common Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

### **Section 5. General**

#### **5.1 Capital Adjustments**

Subject to approval of the Exchange, if required, in the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting Common Shares, the Board will make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change (for the purpose of preserving the value of the Share Units), with respect to (i) the number or kind of shares or other securities on which the Share Units and Dividend Share Units are based; and (ii) the number of Share Units and Dividend Share Units; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares.

#### **5.2 Amendment, Suspension, or Termination of Plan**

The Board may amend, suspend or terminate the Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the Exchange), if any, that require the approval of shareholders or any governmental or regulatory body. For so long as the rules of the Exchange so require, all unallocated Share Units will be subject to renewal approval by the holders of the Common Shares at an annual general meeting of such shareholders held within three years following the listing of the Common Shares on the Exchange and at each annual general meeting of such shareholders every three years after such meeting.

Subject to the applicable rules of the Exchange, the Board may from time to time, in its absolute discretion and without the approval of the shareholders of the Corporation, make the following amendments to the Plan or any Share Unit:

- (a) any amendment to the vesting provisions of the Plan and any Grant Agreement, including to accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of a Share Unit;
- (b) any amendment to the Plan or a Share Unit as necessary to comply with applicable law or the requirements of the applicable stock exchange or any other regulatory body having authority over the Corporation, the Plan or the shareholders of the Corporation;
- (c) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;
- (d) any amendment respecting the administration of the Plan; and
- (e) any other amendment that does not require the approval of the shareholders of the Corporation including, for greater certainty, an amendment in connection with a Change of Control to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential event or to obtain the advantage of holding the underlying Common Shares during such event; and to terminate, following the successful completion of such event, on such terms as it sees fit, the Share Units not redeemed prior to the successful completion of such event.

Shareholder approval will be required for the following amendments:

- (a) any increase in the number of Common Shares reserved for issuance under the Plan;
- (b) any amendment to increase or remove the Insider participation limits set out in section 1.4(b);
- (c) any amendment expanding the categories of Eligible Person;
- (d) any amendment extending the term of a Share Unit or any rights pursuant thereto held by an Insider beyond its original expiry date;
- (e) any amendment that would permit Share Units to be transferable or assignable other than for normal estate settlement purposes; and
- (f) amendments to this Section 5.2.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines, and other rules adopted by the Board and in force at the time of this Plan, will continue in effect as long as a Share Unit or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or the Share Units it would be entitled to make if the Plan were still in effect.

The Board may amend or modify any outstanding Share Unit in any manner to the extent that the Board would have had the authority to initially grant the award as so modified or amended; provided that, where such amendment or modification is materially adverse to the holder, the consent of the holder is required to effect such amendment or modification.

At any time the Common Shares are listed on the Exchange, any amendment to this Plan or any outstanding Share Units shall be subject to Exchange approval.

### **5.3 Non-Exclusivity**

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant, subject to any required regulatory or shareholder approval.

### **5.4 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Participating Companies and each Participant, including without limitation, the legal representative of a Participant, or any receiver or trustee in bankruptcy or representative of the creditors of a Participating Company or a Participant.

### **5.5 Transferability of Awards**

Rights respecting Share Units and Dividend Share Units shall not be transferable or assignable other than by will or the laws of descent and distribution.



## **5.6 No Special Rights**

Nothing contained in the Plan or in any Share Unit or Dividend Share Unit will confer upon any Participant any right to the continuation of the Participant's employment by a Participating Company or interfere in any way with the right of any Participating Company at any time to terminate that employment or to increase or decrease the compensation of the Participant. Share Units and Dividend Share Units shall not be considered Common Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Common Shares, nor shall any Participant be considered the owner of Common Shares by virtue of his or her ownership of Share Units or Dividend Share Units.

## **5.7 Other Employee Benefits**

The amount of any compensation deemed to be received by a Participant as a result of the redemption of any Share Unit will not constitute compensation with respect to which any other employee benefits of that Participant are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, insurance or salary continuation plan, except as otherwise specifically determined by the Board.

## **5.8 Tax Consequences**

It is the responsibility of the Participant to complete and file any tax returns which may be required under Canadian, U.S. or other applicable jurisdiction's tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. No Participating Company shall be held responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

## **5.9 No Liability**

- (a) No Participating Company shall be liable to any Participant for any loss resulting from a decline in the market value of any Common Shares.
- (b) No Participant has any right to compensation or damages for any loss in relation to this Plan or any Grant Agreement, including any loss arising from, in lieu of, or relating to:
  - (i) any loss or reduction of rights or expectations under the Plan or any Grant Agreement in any circumstances (including termination of employment for any reason);
  - (ii) any exercise of discretion, or a decision taken, in relation to the Plan or any Grant Agreement, or any failure to exercise discretion or make a decision; or
  - (iii) not receiving any Share Unit which would have been granted after the Termination Date, including but not limited to damages in lieu of notice at common law.

## SCHEDULE A

### STEP ENERGY SERVICES LTD. PERFORMANCE AND RESTRICTED SHARE UNIT PLAN

#### GRANT AGREEMENT FOR PERFORMANCE SHARE UNITS

[Name of Employee] (the "Participant")

Pursuant to the STEP Energy Services Ltd. Performance and Restricted Share Unit Plan effective May 2, 2017, as amended from time to time (the "Plan") and in consideration of services provided to any Participating Company by the Participant, STEP Energy Services Ltd. hereby grants to the Participant \_\_\_\_\_ Performance Share Units under the Plan.

All capitalized terms not defined in this Grant Agreement have the meaning set out in the Plan. No cash or other compensation shall at any time be paid in respect of any Performance Share Units or Dividend Performance Share Units which have been forfeited or terminated under the Plan or on account of damages relating to any Performance Share Units or Dividend Performance Share Units which have been forfeited or terminated under the Plan.

The Performance Multiplier in effect on the Redemption Date shall be applied to the Performance Share Units. The Performance Multiplier for the Performance Share Units shall be determined as follows:

*[Tables and/or descriptions customized to reflect performance vesting or other conditions as determined by the Board to be inserted.]*

The Vesting Date for this award is ●. The Performance Period for the award is ● to ●. The Expiry Date of the award is ●.

STEP Energy Services Ltd. and the Participant understand and agree that the granting and redemption of these Performance Share Units and any related Dividend Performance Share Units are subject to the terms and conditions of the Plan, a copy of which has been provided to the Participant all of which are incorporated into and form a part of this Grant Agreement. For certainty, the Participant acknowledges that all of the Common Shares subject to the Performance Share Units and Dividend Performance Share Units which are or may be granted pursuant to this Grant Agreement are "non-qualified securities" within the meaning of section 110 of the *Income Tax Act* (Canada). For greater certainty, the Participant authorizes the sale of a sufficient number of Common Shares to pay Applicable Withholdings on the redemption of any Performance Share Units.

The Participant acknowledges he/she has no right to compensation or damages for any loss in relation to the Plan or this Grant Agreement, including any loss arising from, in lieu of, or relating to: (a) any loss or reduction of rights or expectations under the Plan or this Grant Agreement in any circumstances (including termination of employment for any reason); (b) any exercise of discretion, or a decision taken, in relation to the Plan or this Grant Agreement, or any failure to exercise discretion or make a decision; or (c) not receiving any Performance Share Units which would have been granted after the Termination Date, including but not limited to damages in lieu of notice at common law.

DATED ●, ●.

STEP ENERGY SERVICES LTD.

Per: \_\_\_\_\_

I agree to the terms and conditions set out herein and confirm and acknowledge that I have not been induced to enter into this agreement or acquire any Performance Share Units by expectation of employment or continued employment with any Participating Company.

\_\_\_\_\_  
Name

## SCHEDULE B

### STEP ENERGY SERVICES LTD. PERFORMANCE AND RESTRICTED SHARE UNIT PLAN

#### GRANT AGREEMENT FOR RESTRICTED SHARE UNITS

[Name of Employee] (the "Participant")

Pursuant to the STEP Energy Services Ltd. Performance and Restricted Share Unit Plan effective May 2, 2017, as amended from time to time (the "Plan"), and in consideration of services provided to any Participating Company by the Participant, STEP Energy Services Ltd. hereby grants to the Participant \_\_\_\_\_ Restricted Share Units under the Plan.

All capitalized terms not defined in this Grant Agreement have the meaning set out in the Plan. No cash or other compensation shall at any time be paid in respect of any Share Units or Dividend Restricted Share Units which have been forfeited or terminated under the Plan or on account of damages relating to any Share Units or Dividend Restricted Share Units which have been forfeited or terminated under the Plan.

The Vesting Dates for this award is ●. The Expiry Date of the award is ●. The Grant Term for this award is ● to ●.

STEP Energy Services Ltd. and the Participant understand and agree that the granting and redemption of these Restricted Share Units and any related Dividend Restricted Share Units are subject to the terms and conditions of the Plan, a copy of which has been provided to the Participant, all of which are incorporated into and form a part of this Grant Agreement. For certainty, the Participant acknowledges that all of the Common Shares subject to the Restricted Share Units and Dividend Restricted Share Units which are or may be granted pursuant to this Grant Agreement are "non-qualified securities" within the meaning of section 110 of the *Income Tax Act* (Canada). For greater certainty, the Participant authorizes the sale of a sufficient number of Common Shares to pay Applicable Withholdings on the redemption of any Restricted Share Units.

The Participant acknowledges he/she has no right to compensation or damages for any loss in relation to the Plan or this Grant Agreement, including any loss arising from, in lieu of, or relating to: (a) any loss or reduction of rights or expectations under the Plan or this Grant Agreement in any circumstances (including termination of employment for any reason); (b) any exercise of discretion, or a decision taken, in relation to the Plan or this Grant Agreement, or any failure to exercise discretion or make a decision; or (c) not receiving any Restricted Share Units which would have been granted after the Termination Date, including but not limited to damages in lieu of notice at common law

DATED ●, ●.

STEP ENERGY SERVICES LTD.

Per: \_\_\_\_\_

I agree to the terms and conditions set out herein and confirm and acknowledge that I have not been induced to enter into this agreement or acquire any Performance Share Units by expectation of employment or continued employment with any Participating Company.

\_\_\_\_\_  
Name

**SCHEDULE C**

**STEP ENERGY SERVICES LTD. PERFORMANCE AND RESTRICTED SHARE UNIT PLAN**

**REDEMPTION NOTICE**

To: STEP Energy Services Ltd.

Pursuant to the STEP Energy Services Ltd. Performance and Restricted Share Unit Plan effective May 2, 2017, as amended from time to time (the "Plan"), the undersigned hereby elects to redeem:

- \_\_\_\_\_ of the undersigned's Vested Performance Share Units and related Dividend Performance Share Units;  
and
- \_\_\_\_\_ of the undersigned's Vested Restricted Share Units and related Dividend Restricted Share Units

on \_\_\_\_\_.  
[date]

All capitalized terms not defined in this Redemption Notice have the meaning set out in the Plan. No Common Shares shall at any time be issued or other compensation paid in respect of any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan or on account of damages relating to any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan.

The undersigned understands and agrees that the granting and redemption of these Share Units are subject to the terms and conditions of the Plan which is incorporated into and forms a part of this Redemption Notice.

DATED \_\_\_\_\_

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