Notice of annual meeting of shareholders to be held on June 23, 2022

and

Management information circular dated April 25, 2022

TABLE OF CONTENTS

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 25, 2022.

LETTER TO SHAREHOLDERS

April 25, 2022

Dear Shareholder:

We are pleased to invite you to attend the annual meeting of common shareholders of STEP Energy Services Ltd. ("STEP" or the "Company") at 3 p.m. mountain daylight time on June 23, 2022 ("Meeting").

The Company will once again utilize a virtual meeting for the 2022 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 we continue to monitor the continuously evolving public health situation as a result of the COVID−19 pandemic in connection with the lifting of pandemic related restrictions. 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 by 3 p.m. mountain daylight time on June 22, 2022. 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.

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) and filed on SEDAR (www.sedar.com).

This year our Board remains focused on managing through COVID−19 related uncertainty, optimizing profitability, and continuing to strengthen the Company's balance sheet. The highest standards of corporate governance continued 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 23, 2022.

Sincerely,

SIGNED "Douglas C. Freel"

Douglas C. Freel
CHAIR OF THE BOARD

SIGNED "Regan Davis"

Regan Davis
DIRECTOR, CHIEF EXECUTIVE OFFICER

NOTICE OF 2022 ANNUAL MEETING

You are invited to our 2022 annual meeting of common shareholders (the “Meeting”):

Meeting Date: Thursday, June 23, 2022 at 3:00 p.m. mountain daylight time (MDT).

Record Date: May 5, 2022

Only shareholders of record as of the close of business on May 5, 2022 (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/1322

Password: step2022 (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, 2021, 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; and
5. 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 25, 2022 in respect of the Meeting, and the annual financial statements for the year ended December 31, 2021 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) and filed on SEDAR (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. 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 13, 2022 in order to receive a paper copy of the Meeting Materials before the Meeting on June 23, 2022. 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 21, 2022 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 "Regan Davis"

Regan Davis
DIRECTOR, CHIEF EXECUTIVE OFFICER

April 25, 2022
Calgary, Alberta

ABOUT THE MEETING

The 2022 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 we continue to monitor the continuously evolving public health situation as a result of the COVID–19 pandemic in connection with the lifting of pandemic related restrictions. 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/1322. 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: ‘‘step2022’’ (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 April 25, 2022, there were 68,204,590 STEP common shares (“shares”) outstanding. If you were a shareholder of record of STEP as at the May 5, 2022 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, 2021 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) and on our website (www.stepenergyservices.com).

Commencing May 16, 2022, 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 13, 2022 in order to receive a paper copy of the Meeting Materials before the Meeting on June 23, 2022. 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/1322. 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: ''step2022'' (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, 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 22, 2022 (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 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 23, 2022 (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. 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. 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 21, 2022, 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, 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, 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, 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. 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 2021 annual audited consolidated financial statements and the auditors' report are available on SEDAR (www.sedar.com) and on our website (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 2020 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. Regan Davis
3. Douglas C. Freel
4. Jeremy Gackle
5. Donna Garbutt
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 25, 2022 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, 2021, which is available on our website (www.stepenergyservices.com) and on SEDAR (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. 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. 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	2021 meeting attendance	Percentage of 2021 meetings attended
Board	10/10	100%
Audit Committee	7/7	100%
Overall attendance	14/14	100%
Securities held	**April 25, 2022**	
DSUs	453,717	
Performance warrants	–	
Prior options	–	
Shares	67,400	
Total value of equity holdings	$2,068,836[1]	
Meets minimum share ownership guidelines	Yes[2]	
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**
2021	42,800,288 (94.416%)	2,531,300 (5.584%)

Notes

(1) *Total value of equity holdings is calculated based on the closing price on April 25, 2022 at $3.97.*

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

Regan Davis

Calgary, Alberta, Canada

Age: 57

Director since: March 2011

Non–independent

Mr. Davis has served as CEO and a director of STEP since its inception in March 2011 and was also appointed president in December 2013. Mr. Davis is a professional engineer with over 30 years of energy industry experience and is a co–founder of STEP. Previously, Mr. Davis held senior positions at Renaissance Energy Ltd. (oil and gas) and Enerline Restorations Ltd. (oil and gas). Mr. Davis was the president and CEO of Flexpipe Systems Ltd. (oil and gas) and most recently was the president and CEO at Severo Energy Ltd. (oil and gas). Mr. Davis served as a board member with the Impact Society (non–profit) until September 2017, previously holding the position as chair of the board. Mr. Davis is currently the chair of the board for CORE Linepipe Inc. (oil and gas). Mr. Davis graduated from the University of Alberta (1988) with a Bachelor of Science in Petroleum Engineering, is a professional engineer registered with the Association of Professional Engineers and Geoscientists of Alberta and is a certified director from the Institute of Corporate Directors.

Board/Committee membership	2021 meeting attendance	Percentage of 2021 meetings attended
Board	10/10	100%
Health, Safety and Environment (“HSE Committee”)	3/3	100%
Overall attendance	13/13	100%
Securities held	**April 25, 2022**	
Performance share units (“PSUs”)	307,544[(1)]	
RSUs	147,295	
Performance warrants		
Prior options		
Options	783,389	
Shares	193,137[(2)]	
Total value of equity holdings	$4,682,487[(3)]	
Meets minimum share ownership guidelines	In–progress[(4)]	
Other public company boards and board committees	–	
Annual general meeting voting results	**Votes in favour**	**Votes withheld**
2021	45,316,688 (99.967%)	14,900 (0.033%)

Notes

(1) *The number of PSUs shown as of April 25, 2022 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 25, 2022 include (i) 140,844 units vesting on May 15, 2022 at a performance factor of 110.12% (the units reduced/increased due to performance are not included), and (ii) 166,700 units vesting on May 28, 2023. Refer to the Components and pay mix – long term incentive plan section below for details.*

(2) *Includes 90,667 shares held by Regan Davis Family Trust.*

(3) *Total value of equity holdings is calculated based on the closing price on April 25, 2022 at $3.97. The value of options is calculated using the difference between the exercise price and the closing price on April 25, 2022.*

(4) *See the Executives’ share ownership guidelines section to learn more about our share ownership guidelines for executives.*

Douglas Freel

Calgary, Alberta, Canada

Age: 59

Director since: March 2011

Non–independent

Mr. Freel has been a managing director at ARC Financial Corp. (energy–focused private equity manager) since 2016. 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. (oil and gas). 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 (1986) and a Master of Business Administration from the University of Toronto (1997).

Board/Committee membership	2021 meeting attendance	Percentage of 2021 meetings attended
Board (Chair)	10/10	100%
Overall attendance	10/10	100%
Securities held	**April 25, 2022**	
DSUs	499,835[1]	
Performance warrants	–	
Prior options	–	
Shares	–	
Total value of equity holdings	$1,984,345[2]	
Meets minimum share ownership guidelines	Yes[3]	
Other public company boards and board committees	–	
Annual general meeting voting results	**Votes in favour**	**Votes withheld**
2021	45,314,688 (99.963%)	16,900 (0.037%)

Notes

(1) *Mr. Freel 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. Freel in this Circular is for the benefit of the ARC Group. DSUs granted to Mr. Freel 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 price on April 25, 2022 at $3.97.*

(3) *See the Directors' share ownership guidelines section to learn more about our share ownership guidelines for directors.*

Jeremy Gackle

Calgary, Alberta, Canada

Age: 40

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	2021 meeting attendance	Percentage of 2021 meetings attended
Board	10/10	100%
Audit Committee[1]	2/2	100%
Compensation and Corporate Governance Committee ("C&CG Committee")(Chair)	4/4	100%
Overall attendance	16/16	100%
Securities held	**April 25, 2022**	
DSUs	432,148[2]	
Performance warrants	–	
Prior options	–	
Shares	–	
Total value of equity holdings	$1,715,627[3]	
Meets minimum share ownership guidelines	Yes[4]	
Other public company boards and board committees	–	
Annual general meeting voting results	**Votes in favour**	**Votes withheld**
2021	44,358,788 (97.854%)	972,800 (2.146%)

Notes

(1) *On March 17, 2021, the Board approved for Mr. Skehar to replace Mr. Gackle as a member of the Audit Committee effective as of the annual general and special meeting of the shareholders on May 13, 2021. Effective as of July 1, 2020, Mr. Gackle was made an interim member of the Audit Committee in accordance with the exemption under section 3.4 of NI 52–110 (as defined below) due to his new role as Managing Director, ARC Financial Corp. For more information about the Audit Committee, refer to the Board committees and responsibilities – Audit Committee section below.*

(2) *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.*

(3) *Total value of equity holdings is calculated based on the closing price on April 25, 2022 at $3.97.*

(4) *See the Directors' share ownership guidelines section to learn more about our share ownership guidelines for directors.*

Donna Garbutt

Calgary, Alberta, Canada

Age: 61

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	2021 meeting attendance	Percentage of 2021 meetings attended
Board (Lead Director)[1]	10/10	100%
HSE Committee (Chair)	3/3	100%
Overall attendance	13/13	100%
Securities held	**April 25, 2022**	
DSUs	423,807	
Performance warrants	–	
Prior options	–	
Shares	–	
Total value of equity holdings	$1,682,512[2]	
Meets minimum share ownership guidelines	Yes[3]	
Other public company boards and board committees	–	
Annual general meeting voting results	**Votes in favour**	**Votes withheld**
2021	42,799,688 (94.415%)	2,531,900 (5.585%)

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 price on April 25, 2022 at $3.97.*

(3) *See the Directors' share ownership guidelines section to learn more about our share ownership guidelines for directors.*

James Harbilas

Cochrane, Alberta, Canada

Age: 52

Director since: April 2017

Independent

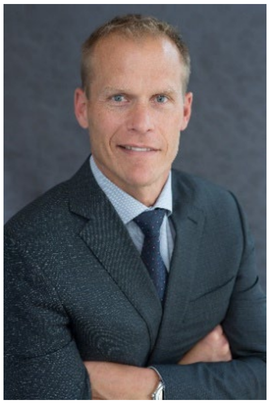
Mr. Harbilas is the Executive Vice–President and CFO at AltaGas Ltd. (“AltaGas”) (energy infrastructure) since June 2019 and is responsible for AltaGas’ finance, treasury, corporate development and capital market functions. Prior to joining AltaGas, Mr. Harbilas was the Executive Vice–President and CFO 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 comptable agrees du Québec and Financial Executive Institute.

Board/Committee membership	2021 meeting attendance	Percentage of 2021 meetings attended
Board	10/10	100%
Audit Committee (Chair)	4/4	100%
C&CG Committee	4/4	100%
Overall attendance	18/18	100%
Securities held	**April 25, 2022**	
DSUs	366,608	
Performance warrants	–	
Prior options	–	
Shares	46,000	
Total value of equity holdings	$1,638,053[(1)]	
Meets minimum share ownership guidelines	Yes[(2)]	
Other public company boards and board committees	–	
Annual general meeting voting results	**Votes in favour**	**Votes withheld**
2021	42,799,688 (94.415%)	2,531,900 (5.585%)

Notes

(1) *Total value of equity holdings is calculated based on the closing price on April 25, 2022 at $3.97.*

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



Jason Skehar

Chestermere, Alberta, Canada

Age: 49

Director since: June 2012

Independent

Mr. Skehar joined PetroShale Inc. (oil and gas) as COO pursuant to the recapitalization of the organization in January 2022. 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	2021 Meeting Attendance	Percentage of 2021 meetings attended
Board	10/10	100%
Audit Committee[1]	2/2	100%
HSE Committee	3/3	100%
C&CG Committee	4/4	100%
Overall attendance	19/19	100%
Securities held	**April 25, 2022**	
DSUs	379,403	
Performance warrants	–	
Prior options	–	
Shares	16,000	
Total value of equity holdings	$1,569,748[2]	
Meets minimum share ownership guidelines	Yes[3]	
Other public company boards and board committees	–	
Annual general meeting voting results	**Votes in favour**	**Votes withheld**
2021	42,797,188 (94.409%)	2,534,400 (5.591%)

Notes

(1) *On March 17, 2021, the Board approved for Mr. Skehar to replace Mr. Gackle as a member of the Audit Committee effective as of the annual general and special meeting of the shareholders on May 13, 2021. For more information about the Audit Committee, refer to the Board committees and responsibilities – Audit Committee section below.*

(2) *Total value of equity holdings is calculated based on the closing price on April 25, 2022 at $3.97.*

(3) *See the Directors' 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 CEO, CFO, President and COO, President, Canadian Operations, Vice−President, Human Resources, Vice−President, Legal and General Counsel, Vice−President, Finance and Vice−President, Business Development. 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, two of STEP's executive officers are female, representing 25% 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 four of the seven nominated directors are independent for the purposes of NI 58−101 for the reasons outlined below. Other than Messrs. Davis, Freel 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. Davis is not independent within the meaning set out in NI 58−101 as he is the President and CEO of STEP, and (iii) Mr. Freel and Mr. Gackle are not independent within the meaning set out in NI 58−101 as they are Managing Directors 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*). 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 judgement, at the end of, or during, each Board meeting, Mr. Davis 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

Mr. Freel, the Chair of the Board, is not independent. However, 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).

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 2021. 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). The hotline telephone number is 866.921.6714 and the website address is www.integritycounts.ca/org/stepenergyservices.

Insider trading

STEP has adopted a formal disclosure, trading and confidentially 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 *Risks of compensation policies and practices & compensation governance – Hedging prohibition* 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 2021 AIF is available on our website (www.stepenergyservices.com) and on SEDAR (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's share ownership guidelines* and *Executives' share ownership guidelines* sections in addition to the profiles in *The nominated directors* and *Named executives' performance* 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 2021, the Board held ten 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, and *Schedule B* for copies of the standing committee mandates. The Board mandate, standing committee mandates and position descriptions for the Chair of the Board and the Lead Director are also available on our website (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 25, 2022, STEP's Board standing committee structure is as follows:

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

On March 17, 2021, the Board approved Mr. Skehar replacing Mr. Gackle on the Audit Committee effective as of the date of the annual and special meeting of the shareholders held on May 13, 2021. Mr. Gackle was made an interim member of the Audit Committee effective July 1, 2020 in accordance with the exemption under section 3.4 of NI 52−110 due to his new role as Managing Director at ARC Financial Corp. In connection with Mr. Gackle's interim appointment to the Audit Committee, the Board determined, in accordance with section 3.9 of NI 52−110, that Mr. Gackle's appointment and the reliance on the exemption in Section 3.4 of NI 52−110 would not materially adversely affect the ability of the Audit Committee to act independently and to satisfy the other requirements of NI 52−110.

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 2021
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 (www.stepenergyservices.com) and on SEDAR (www.sedar.com). The mandate is available on our website (www.stepenergyservices.com) and in *Schedule B*.

HSE Committee

Members	Donna Garbutt (Chair) Jason Skehar Regan Davis
Meetings	3 meetings held in 2021
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 (www.stepenergyservices.com) and in *Schedule B*. For information relating to the skills and experience of the HSE Committee members refer to the profiles in *The nominated directors* section above.

C&CG Committee

Members	Jeremy Gackle (Chair) James Harbilas Jason Skehar
Meetings	4 meetings held in 2021
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 (www.stepenergyservices.com) and in *Schedule B*.

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 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 September 2021, 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 eleven years.

	0 – 3 years	4 – 7 years	8+ years
Number of directors	1	2	4

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	Regan Davis	Douglas Freel	Jeremy Gackle	Donna Garbutt	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 and recommending to the Board any changes to director compensation arrangements.

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.

Prior to STEP's initial public offering ("IPO"), certain directors were awarded options under our prior option plan ("Prior Plan") and performance warrants upon their appointment and from time to time thereafter. The Prior Plan and the grant of performance warrants were discontinued in connection with STEP's IPO on May 2, 2017, and as of December 31, 2021, all "prior options" and performance warrants that were previously held by directors have expired. Non–executive directors are eligible to participate in STEP's deferred share unit plan ("DSU Plan") which was implemented in connection with the IPO. Non–executive directors are not eligible to participate in the stock option plan ("Option Plan") which was 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 2021 Director Compensation Peer Group consists of:

Akita Drilling Ltd.
Calfrac Well Services Ltd.
Essential Energy Services Ltd.
Precision Drilling Corporation
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

The table below outlines the director compensation program for non−executive directors for the year ended December 31, 2021. Executive directors do not receive any compensation for their services as directors.

Effective January 1, 2021, the Board approved the following in support of ongoing cost cutting measures and to create better alignment with management compensation given the prevailing low share price environment:

- the continuation of the 20% reduction to annual retainers which commenced on April 1, 2020, and requiring that these, and any fees payable for incremental responsibilities undertaken at the request of the Board and additional ad hoc committee services during the year (as applicable), be paid in cash, and
- the 2021 annual DSU grant be reduced to 50% of 2020 levels and institute the use of a notional floor price of $1.50 if the grant date market share price is lower than $1.50, both as a means to limit the number of DSUs being granted in a low share price environment.

Component	Roles	Amount ($)(1) Effective January 1, 2021
Board retainer	Board Chair	60,000
	Board member	28,000(1)
	Audit Committee Chair	19,200
	C&CG Committee Chair	14,400
	HSE Committee Chair	12,800
Committee retainer	Audit Committee member	7,200(1)
	C&CG Committee member	2,400
	HSE Committee member	4,800
DSU grants(2)	Board Chair	40,000
	Board member	36,000(1)

Notes

(1) *As a non−Canadian resident director, Ms. Angelle is paid the stated amounts in U.S. dollars.*

(2) *DSUs are granted annually in May. The number of DSUs granted in 2021 was determined by dividing the CAD DSU grant value by the higher of: (i) the market share price (being the 5−day VWAP as defined in the DSU Plan) or (ii) a notional floor price of $1.50. The May 20, 2021 grant date market share price was $1.387842, therefore the $1.50 floor price was used to determine the number of DSUs granted.*

Non−executive directors are also reimbursed for transportation and other out−of−pocket expenses reasonably incurred for attendance at Board and committee meetings and in connection with the performance of their duties as directors. 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.

Pursuant to STEP's DSU Plan, each eligible director receives an annual grant of DSUs in the amounts set out in the table above. Prior to April 1, 2020 in addition to these annual DSU grants, eligible directors were permitted to elect to receive up to 100% of their annual retainers in DSUs. Effective April 1, 2020, the Board approved an amendment to this entitlement, requiring that eligible directors receive 100% of the annual retainer in DSUs. Effective, January 1, 2021, the Board approved a further amendment to this entitlement, requiring that eligible directors receive 100% of the annual retainer in cash. DSUs vest immediately at the time of grant and their value fluctuates with the current market share price.

Each DSU granted to a director is credited to the director's DSU account on the grant date. If STEP was to declare dividends, a director's DSU account will be credited with additional share units in the form of dividend DSUs on each dividend payment date in respect of which dividends are paid on STEP's common shares. Such dividend DSUs are computed as the amount of any such dividend declared and paid per share multiplied by the number of DSUs recorded in the participant's DSU account on the record date for the payment of such dividend, divided by the market share price as at the dividend payment date.

A director cannot redeem and convert DSUs or dividend DSUs to cash until the director ceases to be a member of the Board. Once a director ceases to be a member of the Board, their DSUs and dividend DSUs will be settled by STEP making a cash payment equal to the number of DSUs (and dividend DSUs, if applicable) multiplied by the closing price of the shares 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.

The table below summarizes the annual DSU grant and retainer amounts payable to each non–executive director for the year ended December 31, 2021, incorporating all the compensation changes described above

	Annual DSU grant(1) ($)		Annual retainers(2) ($)			Special Fees(2) ($)	Total ($)
Director	Chair	Board member	Board or Committee Chair	Board member	Committee member		
Evelyn Angelle(3)	–	40,303	–	35,096	9,025	7,260	91,684
Douglas Freel(4)	37,009	–	60,000	–	–	–	97,009
Jeremy Gackle(4)	–	33,308	14,400	28,000	2,631	–	78,339
Donna Garbutt	–	33,308	12,800	28,000	–	6,000	80,108
James Harbilas	–	33,308	19,200	28,000	2,400	6,000	88,908
Jason Skehar	–	33,308	–	28,000	11,769	–	73,077

Notes

(1) *DSUs are granted annually in May. The number of DSUs granted in 2021 was determined by dividing the CAD DSU grant value by the higher of: (i) the market share price (being the 5–day VWAP as defined in the DSU Plan) or (ii) a notional floor price of $1.50. The May 20, 2021 grant date market share price was $1.387842, therefore the $1.50 floor price was used to determine the number of DSUs granted.*

(2) *In addition to regular annual retainers in 2021, Ms. Angelle, Ms. Garbutt and Mr. Harbilas received additional fees for incremental responsibilities undertaken at the request of the Board and additional ad hoc committee services during the first quarter of 2021.*

(3) *As a U.S. resident, Ms. Angelle is compensated in U.S. dollars. For purposes of this table, all fees earned by Ms. Angelle were converted to CAD using the exchange rate on the cash payment dates of May 20, 2021 (USD 1.000:CAD 1.2100), August 20, 2021 (USD 1.000:CAD 1.2856), November 12, 2021 (USD 1.000:CAD 1.2565), and March 18, 2022 (USD 1.000:CAD 1.2617). For the DSU grant, the May 20, 2021 grant date exchange rate of USD 1.000:CAD 1.2100 was used.*

(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.*

Directors' 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. Pursuant to the share ownership guidelines, the Company's non−executive directors are required to hold, directly or indirectly, shares with an aggregate value equal to three times his or her annual retainers (including retainers for Board and committee membership and DSU grants). Shares or DSUs held for purposes of the share ownership guidelines are valued at the higher of price at the time of award or acquisition and the current market price of the shares. 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. DSUs count towards the share ownership requirements for directors.

Unless otherwise indicated, the table below summarizes the guidelines for each non−executive director for the year ended December 31, 2021. Refer to the *Compensation discussion and analysis* section below for share ownership guidelines for executive directors.

Director	Share ownership guideline		Total ownership attained (as of April 25, 2022)	
	Multiple of retainer	Amount ($)(1)	Amount ($)(2)	Attained
Evelyn Angelle	3x	253,273	2,068,834	Yes
Douglas Freel(3)	3x	291,027	2,142,720	Yes
Jeremy Gackle(3)	3x	235,018	1,854,034	Yes
Donna Garbutt	3x	222,325	1,810,763	Yes
James Harbilas	3x	248,725	1,729,903	Yes
Jason Skehar	3x	219,232	1,828,869	Yes

Notes

(1) *The amount reflects the 20% reduction in director compensation approved April 1, 2020 and further extended through 2021. As a U.S. resident, Ms. Angelle is compensated in U.S. dollars. For purposes of this table, all fees earned by Ms. Angelle were converted to CAD using the exchange rate on the cash payment or DSU grant date, as applicable, of May 20, 2021 (USD 1.000:CAD 1.2100), August 20, 2021 (USD 1.000:CAD.1.2856) and November 12, 2021 (USD 1.000:CAD.1.2565) and March 18, 2022 (USD 1.000:CAD.1.2617). For the annual DSU grant, the May 20, 2021 grant date exchange rate of USD 1.000:CAD.1.2100 was used.*

(2) *Shares or DSUs held for purposes of the share ownership guidelines are valued at the higher of the market price at the time of award or acquisition and the closing market price of the shares on April 25, 2022 at $3.97.*

(3) *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. DSUs granted to Messrs. Freel and 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.*

DIRECTOR COMPENSATION – 2021 DETAILS

Director compensation tables

The table below sets forth all amounts of compensation provided to non–executive directors for the year ended December 31, 2021.

Director[1]	Fees earned ($)	Share–based awards (DSUs) ($)[2]	Option–based awards ($)	Non–equity incentive plan compensation ($)	All other compensation ($)	Total compensation ($)	Total compensation paid in DSUs (%)
Evelyn Angelle[3,4]	51,381	40,303	–	–	–	91,684	44
Douglas Freel[5]	60,000	37,009	–	–	–	97,009	38
Jeremy Gackle[5]	45,031	33,308	–	–	–	78,339	43
Donna Garbutt[4]	46,800	33,308	–	–	–	80,108	42
James Harbilas[4]	55,600	33,308	–	–	–	88,908	37
Jason Skehar	39,769	33,308	–	–	–	73,077	46

Notes

(1) *Mr. Davis does not receive compensation for his role as a director.*

(2) *Amounts reflect the grant date fair value of DSUs.*

(3) *As a U.S. resident, Ms. Angelle is compensated in U.S. dollars. For purposes of this table, all fees earned by Ms. Angelle were converted to CAD using the exchange rate on the cash payment or DSU grant dates, as applicable, of May 20, 2021 (USD 1.000:CAD 1.2100), August 20, 2021 (USD 1.000:CAD.1.2856) and November 12, 2021 (USD 1.000:CAD.1.2565) and March 18, 2022 (USD 1.000:CAD.1.2617). For the annual DSU grant, the May 20, 2021 grant date exchange rate of USD 1.000:CAD.1.2100 was used.*

(4) *In addition to regular annual retainers in 2021, Ms. Angelle, Ms. Garbutt and Mr. Harbilas received additional fees of $7,260, $6,000 and $6,000, respectively, for incremental responsibilities undertaken at the request of the Board and additional ad hoc committee services during the first quarter of 2021.*

(5) *Annual retainers and DSU awards 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 indicates, for each non–executive director, all outstanding awards as at December 31, 2021.

	Option–based awards				Share–based awards (DSUs)		
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 ($)	Market or payout value of vested share–based awards not paid out or distributed ($)[1]
Evelyn Angelle	–	–	–	–	–	–	730,485
Douglas Freel[2]	–	–	–	–	–	–	804,734
Jeremy Gackle[2]	–	–	–	–	–	–	695,758
Donna Garbutt	–	–	–	–	–	–	682,329
James Harbilas	–	–	–	–	–	–	590,239
Jason Skehar	–	–	–	–	–	–	610,839

Notes

(1) *DSUs vest immediately upon grant and are paid after 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. The market or payout value is calculated using the December 31, 2021 closing price of $1.61.*

(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 indicates, for each non–executive director, a summary of the value of the award vested in accordance with their terms during the year ended December 31, 2021.

Director	Option–based awards – value vested during the year ($)	Share–based awards – value vested during the year ($)[1]	Non–equity incentive plan compensation – value earned during the year ($)
Evelyn Angelle	–	40,303	–
Douglas Freel[2]	–	37,009	–
Jeremy Gackle[2]	–	33,308	–
Donna Garbutt	–	33,308	–
James Harbilas	–	33,308	–
Jason Skehar	–	33,308	–

Notes

(1) *DSUs are valued at the grant date fair value, vest immediately and are paid after 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.*

(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 STEPs executive compensation philosophy, practices and processes, including:

- a summary of 2021 highlights
- principles and objectives of the STEP compensation program
- a detailed discussion of each component of compensation, including our annual incentive plan ("AIP") and long−term incentive plan ("LTIP"), and
- a summary of the share ownership guidelines for executives.

The C&CG Committee met four times in 2021, at three regularly scheduled meetings and one special meeting. Its activities during the year included reviewing and/or approving the following:

- 2021 executive compensation, including peers used for benchmarking
- 2021 director compensation, including peers used for benchmarking
- 2020 AIP scorecard results and recommending that no AIP be paid due to the impact of COVID−19 and the oil price crash on financial results
- executive and director performance assessments
- 2021 management information circular
- 2021 AIP scorecard metrics, including peers used for the relative performance metrics
- scorecard results and associated multiplier for the 2018 corporate and business unit PSUs that cliff vested in 2021
- 2021 annual LTIP grants under the Option Plan, PRSU Plan and Fixed Award Long Term Incentive Plan ("FALTIP")
- compensation paid to Mr. Kelly and Mr. Duhon pursuant to their separation from STEP
- the promotion of Mr. Glanville to President and COO, and
- the appointment and compensation of Mr. Deemter.

For the year ended December 31, 2021, STEP's named executive officers ("NEOs") were:

Executive Officer	Title
Regan Davis	Chief Executive Officer ("CEO")
Klaas Deemter	Chief Financial Officer ("CFO")
Michael Kelly[(1)]	Former Executive Vice−President and CFO
Stephen Glanville[(2)]	President and Chief Operating Officer ("COO")
Rory Thompson	President, Canadian Operations
Brock Duhon [(3)]	President, U.S. Operations

Notes

(1) *Mr. Kelly acted in the capacity of Executive Vice−President and CFO until November 3, 2021, then as an advisor until December 31, 2021. Mr. Deemter was appointed as CFO effective November 4, 2021.*

(2) *Mr. Glanville was promoted to President and COO effective July 1, 2021.*

(3) *Mr. Duhon's last day with STEP was December 31, 2021.*

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

Compensation highlights

As a result of STEP's improved financial position resulting from the increased activity in the oil and gas industry, executive base salaries and the AIP program were reinstated in 2021. In addition, to address affordability and talent retention challenges due the low share price, STEP introduced a new cash−based plan, the FALTIP, that is not tied to the share price. This plan was designed to provide certainty as to the future value, from both the executive's and the Company's perspective, while at the same time, giving the Company an alternative to issuing equity−based compensation at low share prices. Details are described in the *Components and pay mix* section below.

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 reviews 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 executive compensation peer group was chosen for 2021:

Canadian companies	U.S. companies
Akita Drilling Ltd.	FTS International, Inc.
Calfrac Well Services Ltd.	KLX Energy Services LLC
Essential Energy Services Ltd.	
Precision Drilling Corporation	
Trican Well Service Ltd.	
Western Energy Services Corp.	

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 Group LP as an independent compensation consultant to review and provide feedback on the Company's executive incentive plans and peer group. Prior to this, in 2016, the Company retained Hugessen Consulting Inc. and a summary of their fees billed in 2020 and 2021 is outlined below:

Executive compensation–related fees	Year	Fee ($)
	2021	1,736
	2020	2,650

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 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 *Other information – Non−IFRS measures* section) margin and Return on Capital Employed ("ROCE") (as defined in the *Other information – Non−IFRS measures* 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 payouts are capped, a clawback policy is in place and executives are required to meet share ownership guidelines.

Executives' share ownership guidelines

Executive officers are subject to the following ownership guidelines in the form of common shares and, effective in 2021, restricted share units ("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. Shares and RSUs are valued at the higher of: (i) value at the time of acquisition or award; and (ii) the current market price of the shares. The Board approved the inclusion of RSUs to closer align with our industry peers. 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 summarizes the guidelines for each NEO for the year ended December 31, 2021.

Executive Officer	Share ownership guideline		Ownership attained	
	Multiple of base pay	$(1)	$(2)	Status (3)
Regan Davis (CEO)	3x	1,500,000	1,034,877	In–progress
Klaas Deemter (CFO)	2x	560,000	46,481	In–progress
Stephen Glanville (President and COO)	2x	800,000	542,870	In–progress
Rory Thompson (President, Canadian Operations)	1x	300,000	327,115	Met
Brock Duhon (President, US Operations)	1x	363,515	276,803	In–progress

Notes

(1) *Share ownership guideline is based on the NEO's annual salary as at December 31, 2021. Refer to the Named executives' performance section below for the base salary of each NEO. For purposes of this table, Mr. Duhon's salary is reported at the 2021 average exchange rate of USD 1.000:CAD 1.2535.*

(2) *Common shares and RSUs are valued at the higher of the value at the time of acquisition or award and the December 31, 2021 closing market price of $1.61 per share.*

(3) *Messrs. Davis and Glanville have met their share ownership requirement as at the date of this Circular.*

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 through the exercise of securities granted under a share–based compensation arrangement).

Clawback policy

The Board has adopted a clawback policy specifying the consequences with respect to incentive awards 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 performance–based compensation actually paid or awarded to an officer and the amount that would have been paid as calculated based on the financial statements of STEP as restated. 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.

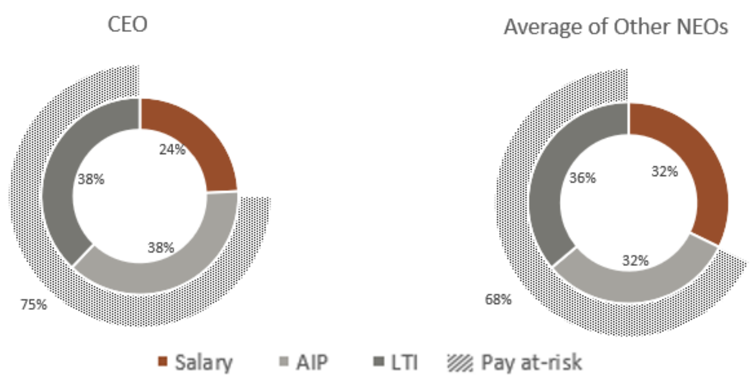
Components and pay mix

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 50th percentile, while allowing the opportunity to realize total direct compensation levels at or above the market's 75th percentile.

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 below outline the pay mix for STEP's CEO and the average of other NEOs for the year ended December 31, 2021. These charts reflect the 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, applicable provisions of their employment agreement, 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.

During 2021, salaries were fully reinstated after being reduced due to the impact of COVID–19; refer to the *Named executives' performance* section for further details.

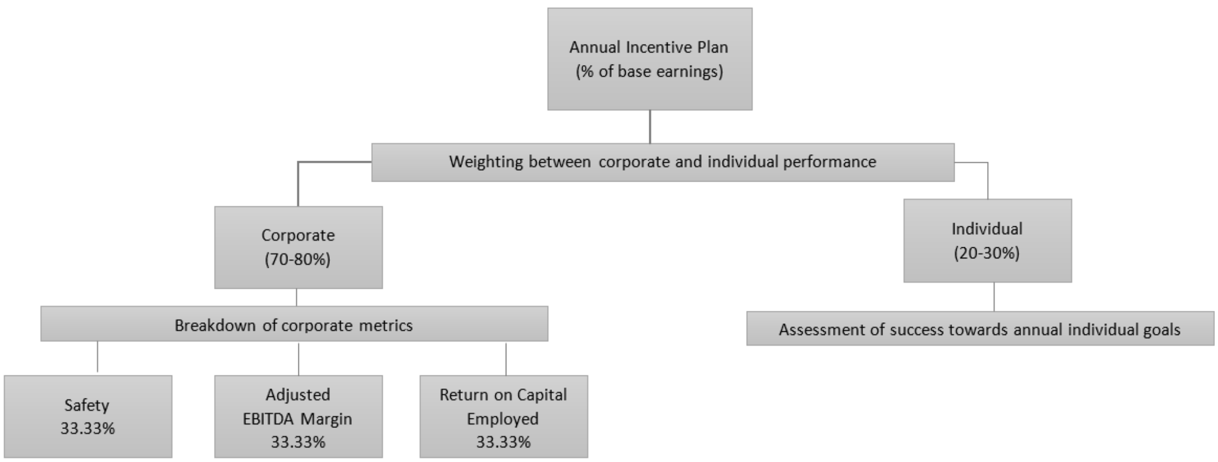
Annual incentive plan

STEP's AIP component is at–risk based on corporate and individual performance. It is designed to motivate NEOs to meet short–term 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 for continued relevance, as well as each NEO's individual performance of specific goals.

The Board approved that the 2021 corporate metrics remain the same as the prior year, with equal weighting of the following:

- Safety (total recordable incident frequency or "TRIF")
- Adjusted EBITDA margin relative to peers, and
- Return on Capital Employed relative to peers.

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.

For example, for a NEO with an AIP opportunity of 80% of base earnings, corporate and individual weightings of 70% and 30%, respectively, and corporate and individual performance metrics achieved at 100%, the AIP calculation would be as follows:

80% AIP opportunity x 70% corporate weighting x 100% corporate performance	+	80% AIP opportunity x 30% individual weighting x 100% individual performance rating	=	Total AIP (% of base earnings)
80% x (70% x 100%) 56%		80% x (30% x 100%) 24%		80%

AIP opportunity levels and weighting of performance measures for AIP awards for the year ended December 31, 2021 were as follows:

Named executive	AIP opportunity (% of base earnings)	2021 Performance weighting (%)	
		Corporate	Individual
Regan Davis (CEO)	150	80	20
Klaas Deemter (CFO)	100	75	25
Michael Kelly (Former Executive Vice–President & CFO)[1]	–	–	–
Stephen Glanville (President and COO)[2]	117.5	75	25
Rory Thompson (President, Canadian Operations)	80	70	30
Brock Duhon (President, U.S. Operations)[1]	–	–	–

Notes:

(1) *Messrs. Kelly and Duhon were not eligible for AIP in 2021 pursuant to their respective separation agreements from STEP.*

(2) *In conjunction with Mr. Glanville's promotion to President and COO effective July 1, 2021, the Board approved an increase to his AIP opportunity to 125% from 110%, therefore the AIP Opportunity reflects the prorated amount.*

AIP Corporate Scorecard

The C&CG Committee and Board reviews the AIP corporate scorecard annually to ensure that it appropriately incents the achievement of metrics key to STEP's success. In 2021, the Company introduced benchmarking the two financial metrics (Adjusted EBITDA margin and ROCE) relative to peers. Management proposed, and the C&CG Committee and Board approved, a corporate scorecard peer group consisting of market–relevant companies against whom STEP directly competes.

The 2021 Corporate Scorecard Peer Group consists of:

Canadian companies	U.S. companies
Calfrac Well Services Ltd.	FTS International, Inc. [1]
Essential Energy Services Ltd.	KLX Energy Services LLC
Trican Well Service Ltd.	

Note:

(1) *On March 4, 2022 ProFrac Holdings, LLC announced the completion of the acquisition of FTS International, Inc. ("FTSI"). Consequently, FTSI's results are based on the four quarters ending September 30, 2021 as this was the last financial information available.*

STEP’s corporate performance scorecard is used to calculate, in part, the 2021 AIP award and the 2019 Corporate PSUs vesting in 2022 as shown in the table below:

Metric	Weighting (%)	2021 Corporate performance scorecard (%) Range [1] (Low)	(High)	Actual result	Contribution to corporate score (%)
Safety[2]	33.33	0	100	94	32
Adjusted EBITDA margin relative to peers[3]	33.33	−1.9	16.6	10.5	26
ROCE relative to peers[3]	33.33	−33.0	1.2	−4.3	26
Total 2021 corporate performance score					**84**

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 goals are established annually as measured by TRIF. The actual TRIF targets are not disclosed in this Circular for competitive reasons.*

(3) *The constituents of the 2021 Corporate Scorecard Peer Group are listed above.*

The following chart details the 2021 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 AIP awards 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. In 2021, the AIP corporate scorecard of 84% and average individual performance of 80% computed an aggregate AIP in excess of this 7.5% limit. Therefore the 2021 AIP award to eligible participants, including NEOs, was reduced such that the aggregate 2021 AIP award equaled the 7.5% limit.

Named executive	AIP opportunity (% of base earnings)	Corporate results (%) (AIP opportunity x corporate weight x corporate score)	Individual performance evaluation (%)	Individual results[1] (%) (AIP opportunity x individual weight x individual score)	Total AIP Award (%) (% of base earnings)[1]	Total AIP Award ($)[3]
Regan Davis (CEO)	150	150x80x84= 100.8	80	150x20x80= 24.0	110	547,008
Klaas Deemter (CFO)	100	100x75x84= 63.0	80	100x25x80= 20.0	73	39,336
Michael Kelly (Former Executive Vice−President and CFO)[2]	110	–	–	–	–	–
Stephen Glanville (President and COO)	117.5	117.5x75x84= 74.0	100	117.5x25x100= 29.4	91	334,576
Rory Thompson (President, Canadian Operations)	80	80x70x84= 47.0	100	80x30x100= 24.0	62	172,832
Brock Duhon (President, U.S. Operations)[2]	–	–	–	–	–	–

Notes

(1) *Total AIP award (%) is applied to actual base earnings in 2021 for each NEO. Refer to the Summary compensation table for the 2021 base earnings of each NEO .*

(2) *Messrs. Kelly and Duhon did not receive AIP awards in 2021 pursuant to their respective separation agreements from STEP.*

(3) *The Company’s AIP pool was capped at 7.5% Adjusted EBITDA which resulted the Total AIP Award being less than the formulaic AIP calculations detailed above.*

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:

- corporate and business unit PSUs, pursuant to the Performance and Restricted Share Unit Plan ("PRSU Plan") (equity–settled)
- RSUs, pursuant to the PRSU Plan (equity–settled)
- options, pursuant to the Option Plan
- corporate and business unit Phantom PSUs, pursuant to the Phantom Long–Term Incentive Plan ("Phantom PRSU Plan") (cash–settled)
- phantom RSUs, pursuant to the Phantom PRSU Plan, and
- fixed cash payment awards, pursuant to the Fixed Award Long Term Incentive Plan ("FALTIP"), a new 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. However, while the value of the FALTIP is fixed once granted, there is no guarantee that FALTIP will be granted year–to–year.

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 sets out the number of shares underlying outstanding grants of, and available for grant under, each type of share–based compensation plan on December 31, 2021.

Security	Number of shares underlying grants	Percentage of shares underlying grants (%)(1)	Number of shares available to grant	Percentage of shares available to grant (%)
Prior options	247,900	0.4%	–	–
Performance warrants	519,640	0.8%	–	–
PRSU Plan(2)	703,405	1.0%	2,704,444	4.0%
Option Plan	3,847,805	5.6%	1,923,703	2.8%
Total	5,318,750	7.8%	4,628,147	6.8%

Notes

(1) *Percentages reflect undiluted percentages of the number of shares issued and outstanding December 31, 2021 of 68,156,981.*

(2) *The number of shares underlying the PSUs is calculated using the target multiplier of 1x.*

In connection with the departure of Mr. Shane Persad (former Vice President, Fracturing and Cased Hole Wireline, U.S.) from the Company on March 1, 2021, the Company made amendments to certain stock options and performance share units held by Mr. Persad. The amendments permitted such options and PSUs to continue in full force and effect after his departure (subject to existing vesting conditions) until the earlier of: (i) the original expiry date as assigned to such securities at the time of the grant; and (ii) the date that was four months following his departure date (at which time they expired). Securityholder 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.

In connection with the voluntary retirement of Mr. Michael Kelly (former Executive Vice−President and CFO) from the Company on December 31, 2021, the Company made amendments to certain stock options held by Mr. Kelly. The company did not grant Mr. Kelly LTIP in 2021; however, the company did make amendments to options held. The amendments permitted such 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. Securityholder 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 2021, NEOs' perquisites and benefits included a vehicle allowance or a company vehicle, related fuel and maintenance, parking, fitness membership subsidy, company provided health, dental and insurance benefits, health assessments and company matching to a registered savings plan.

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. Currently outstanding performance warrants and options granted under the Prior Plan will remain outstanding on their current terms. The former LTIP, consisting of prior options and performance warrants, is detailed in the table below.

Former long−term incentive plan components		
Plan	**Pre−IPO up to May 1, 2017**	**After May 2, 2017**
Prior options	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. **Quantity**: based on individual position, performance, market conditions, stock price and availability for grant. **Term**: five years for Canadian holders; seven years for U.S. holders. **Vest**: one−third on each of the first three anniversaries of grant date. **Adjustments made**: • the expiry dates of prior options that were set to expire in 2016 were extended to April 2, 2020, and • the expiry dates of prior options that were set to expire prior to November 2017 were extended to November 7, 2017.	No further grants and any outstanding prior options will vest and be exercisable based on terms of Prior Plan. 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.
Performance warrants	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. Each performance warrant is exercisable upon vesting for a common share upon payment of the applicable exercise price. **Quantity**: based on individual position, performance, market conditions, stock price and availability for grant. **Term**: five years for Canadian holders; seven years for U.S. holders. **Vest:** one−fifth on each of the first five anniversaries of grant dates. **Adjustments Made:** • the expiry dates of performance warrants that were set to expire in 2016 were extended to April 2, 2020, and • the expiry dates of performance warrants that were set to expire prior to November 2017 were extended to November 7, 2017.	No further grants and any outstanding performance warrants will vest and be exercisable based on terms of the performance warrant agreement. 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.

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
Granting	Price: 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. Cashless options: Options may be exercised on a cashless basis whereby the holder surrenders their options and receives shares for the in–the–money value. Term: 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). Vesting: 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. Accelerated vesting: 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. Status changes: 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.
Administration	The Option Plan is reviewed by the Board, which may delegate authority over the administration and operation of the Option Plan to a committee.
Amendments without shareholder approval	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: • 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 • 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 • to the Option Plan and any option agreement to permit the conditional exercise of any option, on such terms as it sees fit • 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

	Option Plan
	• respecting the administration of the Option Plan, and • 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.
Amendments requiring shareholder approval	Approval of the shareholders will be required for the following amendments to the Option Plan or any option: • any increase in the number of common shares reserved for issuance under the Option Plan • any amendment to increase or remove the insider participation limits set forth in the Option Plan • 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 • any extension of the expiry of an option, except as otherwise provided by the Option Plan • any amendment that would permit options to be transferable or assignable other than for normal estate settlement purposes • any amendment that would materially modify the eligibility requirements for participation in the Option Plan • any amendment with respect to any of the amending provisions of the Option Plan, and • such other matters in respect of which the TSX may require approval by the shareholders of STEP.

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 Board adopted the PRSU Plan and the Phantom PRSU Plan pursuant to which the Board may, from time to time, determine those eligible persons of STEP who will receive a grant of share units or phantom share units.

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
Administration	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. 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.
Amendments without shareholder approval	The Board has authority to make amendments with respect to the following matters without shareholder approval, subject to TSX requirements: • correcting any defect or supply any omission or reconcile any inconsistency in the PRSU Plan • 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) • 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 • 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 • any amendment to the PRSU Plan and any grant agreement to permit the conditional redemption of any share unit • 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 • any amendment respecting the administration of the PRSU Plan, and • 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.

	PRSU Plan
Amendments requiring shareholder approval	Approval of the shareholders will be required for the following amendments: • any increase in the maximum number of shares reserved for issuance under the PRSU Plan • any amendment expanding the categories of eligible person • any amendment extending the term of a share unit or any rights pursuant thereto held by an insider beyond its original expiry date • the addition of any other provision which results in participants receiving shares (other than the performance warrants), while no cash consideration is received by STEP • amendments to the amending provision within the PRSU Plan, and • such other matters in respect of which the TSX may require approval by the shareholders.
Adjustments	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 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
Administration	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. 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.
Amendments	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. 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.
Adjustments	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.

Information regarding STEP's PSU program is outlined in the table below and applies to grants under the PRSU Plan and the Phantom PRSU Plan.

	Corporate PSU and Business Unit PSU program
Types	STEP grants two distinct types of PSUs: Corporate PSUs and Business Unit PSUs. The Business Unit PSUs provide another tool for key value drivers to have a direct link between business unit performance and the corporate objectives.
Eligibility	Corporate PSUs are awarded to named executives and individuals holding a President or Vice–President title. The Business Unit PSUs are awarded to individuals holding Operational Business Unit Vice–President titles, with separate performance criteria derived on business unit performance.
Vesting	Three–year cliff vesting for Corporate PSUs. Three–year ratable vesting for Business Unit PSUs.
Accelerated vesting	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.
Status changes	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.
Award cycle	Board will determine annual grants following the release of year–end financial statements.
Performance multiplier	Multiplier on vested PSUs is based on the successful completion of the following performance criteria:
	Corporate PSUs: Corporate PSUs granted in 2019 and prior applied an adjustment factor to the three–year average corporate performance score. If the three–year average corporate score was: (i) <50%, then a 1.0x adjustment factor was applied to the three–year average to obtain the multiplier, (ii) >= 50% and <75%, then a 1.5x adjustment factor was applied to the three–year average to obtain the multiplier, and (iii) >=75%, then a 2.0x adjustment factor was applied to the three–year average to obtain the multiplier. 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. Effective for grants 2020 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%. Further, due to the effects of COVID–19 and the oil price crash on financial results and the 2020 corporate score, which affect the three–year average corporate score and multiplier for Corporate PSUs granted in 2019 and 2018, the Board also approved removal of the adjustment factor. For these outstanding and unvested Corporate PSU grants, a 2.0x factor is applied to the three–year average corporate performance score, to obtain a linear performance multiplier of 0 to 200%. Beginning in 2020, the corporate scorecard metrics of Adjusted EBITDA margin and ROCE will be measured relative to STEP's peer group as set out in *Approach to executive compensation – Benchmarking*. Safety will continue to be measured against internal targets approved by the Board. This score will be used to calculate the three–year average corporate performance for the multiplier, effective for Corporate PSUs vesting in 2022 and forward.

	Business Unit PSUs: successful completion of Adjusted EBITDA thresholds established for the respective business unit, subject to a multiplier, as approved annually by the Board. The multiplier ranges from 0 to 2.0x based on Adjusted EBITDA outcomes. The multipliers established for the Corporate and Business Unit PSUs are then applied to the PSUs at the respective performance completion date to determine actual amount that will be vested and exercised. The performance multiplier results are set out in the *Long−term incentive plan – 2021 award components* section below, as well as in the notes of the *Outstanding share−based awards and option−based awards* table and the *Incentive plan awards – value vested or earned during the year* table below.
Details and expiry	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.
Dividend PSU	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.
PRSU Plan − other	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. 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 2023.

Information regarding STEP's RSU program is outlined in the table below and applies to grants under the PRSU Plan and the Phantom PRSU Plan.

	RSU program
Types	STEP offers RSUs for select eligible employees which provides a competitive LTIP for purposes of retention and alignment with share price performance.
Eligibility	Executives, management and certain other corporate professionals and select field management personnel are eligible for RSU awards.
Vesting	Three−year ratable vesting, one−third of the total grant on each of the first three anniversaries of the grant date. Dividend RSUs vest at the same time and in the same proportion as the associated RSUs.
Accelerated vesting	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.
Status changes:	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.
Award cycle	Board will determine annual grants following the release of year−end financial statements.

	RSU program
Dividend RSU	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.

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
Administration	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. 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.
Amendments	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. 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.

Information regarding STEP's FALTIP program is outlined in the table below.

	FALTIP
Types	STEP grants FALTIP awards. FALTIP grants for select eligible employees provide a tool to attract, motivate, and retain personnel.
Eligibility	Executives, management and certain other corporate professionals and select field management personnel are eligible to receive FALTIP. Participants must be actively employed through and including the vesting date and the participant shall not have given notice of their intent to resign from active employment on or before the vesting date. Where a termination date occurs prior to the vesting date, the participant's then outstanding FALTIP(s) shall terminate and be forfeited immediately for no consideration.

	FALTIP
Vesting and Expiry	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). 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.
Award cycle	Board will determine annual grants following the release of year−end financial statements.

Long−term incentive plan – 2021 award components

The following table details the target and actual LTIP awarded during 2021. The LTIP award levels and mix were designed to manage consumption of the available equity pool given the low share price environment. The 2021 LTIP mix was 35% equity−settled RSUs, 35% options and 30% FALTIP. No PSUs were granted in 2021.

Named executive	LTIP Target (% of base salary) (%)(1)	RSU grant (units)(2)	RSU grant ($)	Options granted (units)(3)	Options granted ($)(3)	FALTIP ($)(4)
Regan Davis (CEO)	150	147,295	196,875	254,275	196,875	168,750
Klaas Deemter (5) (CFO)	100	21,822	46,517	38,303	46,517	39,871
Michael Kelly(6) (Former Executive Vice President and CFO)	–	–	–	–	–	–
Stephen Glanville(7) (President and COO)	130	92,139	126,821	159,152	126,821	108,703
Rory Thompson (President, Canadian Operations)	100	65,296	96,250	113,048	96,250	82,500
Brock Duhon (President, U.S. Operations)	100	57,795	75,912	98,045	75,912	65,067

Notes

(1) *Refer to the Named executives' performance section for the 2021 base salary of each NEO. For Mr. Duhon, the LTIP award is converted to CAD at the 2021 average exchange rate of USD 1.000:CAD 1.2535.*

(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 five−day VWAP as follows: for Messrs. Davis and Duhon, as at June 1, 2021 of $1.34; for Mr. Glanville, as at June 1, 2021 of $1.34 and July 1, 2021 of $1.77; for Mr. Thompson as at June 1, 2021 of $1.34 and November 11, 2021 of $2.13; and for Mr. Deemter as at November 11, 2021 of $2.13.*

(3) *The number of options granted was determined using the Black–Scholes pricing model with an expected life of five years, the five–year volatility of our closest industry peers yielding a volatility factor of 69.24–71.44% and a risk–free rate of 0.72–1.46%. The Black–Scholes values on grant date were as follows: for Messrs. Davis and Duhon as at June 1, 2021 was $0.77; for Mr. Glanville as at June 1, 2021 was $0.77 and July 1, 2021 was $1.02; for Mr. Thompson as at June 1, 2021 was $0.77 and November 11, 2021 was $1.21; for Mr. Deemter as at November 11, 2021 was $1.21.*
(4) *FALTIP is a fixed cash award and its value does not change.*
(5) *Mr. Deemter's LTIP award was prorated for the portion of year worked ending May 31, 2022.*
(6) *Mr. Kelly was not awarded an LTIP in 2021 pursuant to his separation agreement from STEP.*
(7) *In conjunction with Mr. Glanville's promotion to President and COO effective July 1, 2021, the Board approved an increase to his LTIP opportunity to 135% from 125%, therefore his LTIP Target reflects the prorated amount of 130%.*

Phantom PSUs granted in prior years

The performance multiplier for the 2018 Corporate PSUs that cliff–vested on March 27 and April 2, 2021, based on performance for 2018, 2019 and 2020 was 82.67%, as follows:

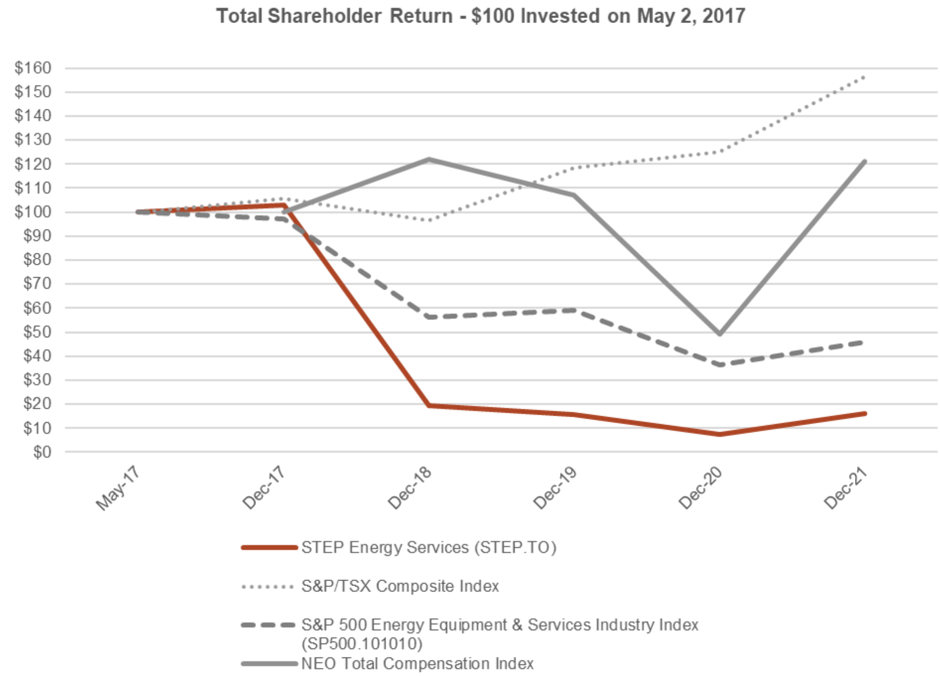
	3–year average of corporate score (%) (0 to 100%)	Adjustment Factor	2018 Corporate PSUs Performance Multiplier(1) 0 – 200%
Year			
2018(2)	63.90 %		
2019(3)	28.89 %		
2020(4)	31.16%		
	41.33 %	2.0x	82.67%

Note

(1) *The Performance Multiplier is calculated in a linear fashion from 0 to 200%. Assuming a three–year average corporate score of 70%, times the factor of 2.0, yields a performance multiplier of 140%; an executive with 1,000 granted PSUs would have 1,400 PSUs vest.*
(2) *See STEP's management information circular dated March 6, 2019 for more information.*
(3) *See STEP's management information circular dated March 12, 2020 for more information.*
(4) *See STEP's management information circular dated March 23, 2021 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 period from May 2, 2017, when our shares were priced at $10.00 per share in connection with the IPO and began trading on the TSX, to December 31, 2021. The Total NEO Compensation Index reflects the aggregate NEO compensation as reported in the NEO summary compensation table for each of the years 2017 to 2021.



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 Index 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. 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 – 2021 DETAILS

Overview

In assessing the performance of each NEO for 2021, the 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 regional business units or functional area
- achievement of the NEO's top priorities
- level and scope of responsibility
- tenure with STEP
- demonstrated leadership ability
- demonstrated commitment to STEP 's vision and values, and
- work ethic.

STEP achieved numerous accomplishments in 2021, including:

- Ended the year with strong safety metrics recognizing there is room for continual improvement as we strive for Goal Zero
- actively managed a very complex business through ongoing disruptions caused by the COVID−19 pandemic
    - developed and adhered to robust COVID−19 protocols to ensure the safety of all professionals at job sites, in service centers and our offices
    - adjusted our safety protocols in line with changing restrictions in the various jurisdictions in which we operate, and
    - developed a system to identify and supply fully vaccinated crews if required by our clients.
- deliberately focused on the investment into our people to help attract and retain talented, top−tier professionals
    - restoration and enhancement of many of our compensation features helped to promote engagement and the exceptional employee experience for our professionals
    - developed sophistication within our HR programs, succession, and career development programs including but not limited to, a robust onboarding training program, commercial driver's training delivered by certified in−house instructors in the Canadian training facility, peer mentor program, etc.
- leveraged technology and equipment to streamline workflow, optimize efficiencies, reduce expenditures, and improve client experience
    - investment in ESG−related technology designed to improve our operational efficiencies, minimize the environmental impact and support our client's sustainability goals
    - client interest in dual−fuel fracturing operations continues to increase as operators seek to maximize their ESG commitment through the reduction of diesel consumption and CO2 emissions
    - pioneered an innovative dual−fuel, direct fuel injection system on U.S.−based fracturing horsepower (50,000 HP) which delivers optimal substitution and displacement rates, and reduces on−site diesel consumption resulting in significant operational savings for clients
    - continued market adoption of e−line and STEP−conneCT with U.S. clients in their challenging completion programs. STEP−conneCT is a downhole data acquisition tool that provides real−time data to operators for the evaluation of critical job parameters
    - further adoption of our quality management systems to drive execution and continuous improvement within various business lines resulting in optimized fleet performance, improved pumping efficiencies, and extended asset life
    - leveraged the Company's LPG pumping patents and associated equipment to launch a new patent−pending, post−production stimulation technology – Single Shot IOR – a proprietary technology designed to improve post−production recovery with a single pumping treatment of LPG into the hydrocarbon−bearing reservoir; amassed a team of experienced IOR professionals, readied the asset base, developed robust operations and safety procedures in preparation of inaugural project executed in 2022
- managed existing asset base, delivering best−in−class service to clients, and diversified the client base across different service offerings, in both Canada and U.S.
    - reactivated third fracturing fleet in the U.S. to meet growing market demand and ensured steady utilization across all service lines
    - focused on quality and execution to improve operational efficiencies and reduce non−productive time
    - expanded market share in midstream and industrial services sector
    - managed challenges across supply−chain with a focus on reducing cost inflation and margin erosion
    - deliberately aligned with key clients with active drilling programs which provides visibility to work programs throughout 2022

- diligent focus on capital discipline throughout the year and achieving debt repayment targets
    - worked closely with lending partners to ensure the company remained in compliance with all covenants related to the banking facility

The Board worked with STEP's CEO Regan Davis to set specific strategic goals for 2021. In addition to providing leadership and oversight to the accomplishments noted above, highlights of his performance and achievement of these goals include the following:

- maintained our safety–conscious mindset and commitment to goal zero
- delivered an exceptional client experience through the delivery of quality services that ultimately exceed client's expectations
- nurtured a collaborative community of professionals who feel connected to each other and share a passion for their work and our Company
- focused on improving competitive total rewards packages to increase engagement and retention
- developed sophistication within the succession and career development programs for our leaders and professionals
- maintained focus on debt reduction and maximization of cash flow
    - deployed more assets to the field
    - maintained a vigilant discipline on spending
    - advanced–pricing improvements
- leveraged possibility thinking and technology to reduce costs and improve overall business efficiencies and develop new sources of revenue, and
- continued to advance our internal CEO succession plan.

Named executives' performance

The profiles below for each NEO provide a summary of total direct compensation awarded in 2021:

Regan Davis

Chief Executive Officer

Calgary, Alberta, Canada

Age: 57

Date of hire: March 21, 2011

Mr. Davis is responsible for the overall leadership of STEP and, in collaboration with the President and the Board, leads the strategic direction, values, culture and growth plans of the organization. This also includes marketing and investor relations to create long–term sustainable value for STEP and its shareholders. Also refer to Mr. Davis' profile in *The nominated directors* section.

Compensation	2021	2020
Actual base earnings	$498,077(1)	$441,579(1)
Pay at risk		
AIP(2)	$547,008(2)	–
LTIP – PSUs	–	$69,834(3)
LTIP – RSUs	$196,875(4)	–
LTIP – options	$196,875(5)	$69,393(5)
LTIP – FALTIP	$168,750(6)	–
Total direct compensation	$1,607,585	$580,806

Share ownership guidelines(7)

			Ownership under the guidelines
Minimum level of ownership	Minimum value(8)	Actual value(9)	Total ownership as a multiple of base salary(10)
3x	$1,500,000	$1,034,877	2.1x

Notes

(1) *Denotes actual 2020 and 2021 base earnings.*
(2) *2021 AIP award was earned in 2021 and paid in Q2 2022.*
(3) *There were no PSUs granted in 2021. On May 28, 2020, PSUs were granted under the Phantom PRSU Plan, are valued at grant date fair value and are cash–settled.*
(4) *Fair market value of RSUs (equity–settled) on grant date of June 1, 2021.*
(5) *Fair market value of options on grant dates of June 1, 2021 and May 28, 2020.*
(6) *Fair market value of FALTIP granted on June 1, 2021.*
(7) *See the Executives' share ownership guidelines section for more details.*
(8) *Calculated using annual base salary of $500,000 as at December 31, 2021.*
(9) *Includes 90,667 shares held by Regan Davis Family Trust. Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition or award (as applicable) and the closing market share price on December 31, 2021 of $1.61.*
(10) *Mr. Davis meets the Executives' share ownership guidelines as of the date of this Circular.*

Klaas Deemter

Chief Financial Officer

Calgary, Alberta, Canada

Age: 47

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 RBC Royal Bank in various account management and risk management roles from 2005 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	2021	2020
Actual base earnings	$34,462[(1)]	–
Pay at risk		
AIP	$39,336[(2)]	–
LTIP – PSUs[(3)]	–	–
LTIP – RSUs	$46,517[(4)]	–
LTIP – options	$46,517[(5)]	–
LTIP – FALTIP	$39,871[(6)]	–
Total direct compensation	$206,703	–

Share ownership guidelines[(7)]

			Ownership under the guidelines
Minimum level of ownership	Minimum value[(8)]	Actual value[(9)]	Total ownership as a multiple of base salary
2x	$560,000	$46,481	0.2x

Notes

(1) *Denotes actual 2021 base earnings.*
(2) *2021 AIP award was earned in 2021 and paid in Q2 2022.*
(3) *There were no PSUs granted in 2021.*
(4) *Fair market value of RSUs (equity–settled) on grant date of November 11, 2021.*
(5) *Fair market value of options on grant date of November 11, 2021.*
(6) *Fair market value of FALTIP granted on November 11, 2021.*
(7) *See the Executives' share ownership guidelines section for more details.*
(8) *Calculated using annual base salary of $280,000 as at December 31, 2021.*
(9) *Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition or award (as applicable) and the closing market share price on December 31, 2021 of $1.61.*

Michael Kelly

Former Executive Vice–President and Chief Financial Officer

Calgary, Alberta, Canada

Age: 58

Date of hire: October 1, 2018

Mr. Kelly served as the executive vice–president and chief financial officer of STEP from November 2018 to November 3, 2021, after resigning from the Board to join the executive team as executive vice–president in October 2018. Mr. Kelly served as STEP's Lead Director on the Board from March 2014 to October 2018, and was the Chair of the Audit Committee and a member of the C&CG Committee. From 2015 until 2017, Mr. Kelly was executive vice–president and chief financial officer at PTW Energy Services Ltd. ("PTW") a private electric and instrumentation services company with operations spanning North America. From 2013 until joining PTW, Mr. Kelly was the president of Hogarth Ventures Ltd. where he provided consulting and advisory services to clients involved in the energy sector. From 1997 until 2013, Mr. Kelly served as an executive with Trican where from 1997 to 2009, Mr. Kelly was the vice–president, finance and chief financial officer, followed by the position of senior vice–president, EAME and CIS where he oversaw Trican's international operations until his departure in 2013. Mr. Kelly graduated from the University of Calgary with a Bachelor of Commerce. He is a chartered accountant and a member of the Chartered Professional Accountants of Alberta and is a certified director from the Institute of Corporate Directors. Mr. Kelly resigned from his position of executive vice–president and chief financial officer effective November 3, 2021 and remained on as a senior financial advisor until December 31, 2021.

Compensation	2021	2020
Actual base earnings	$305,577(1)	$310,962(1)
Pay at risk		
AIP	–	–
LTIP – PSUs(2)	–	$40,719(2)
LTIP – RSUs	–	–
LTIP – options	–	$46,683(3)
LTIP – FALTIP	–	–
Total direct compensation	$305,577	$398,364

Notes

(1) *Denotes actual 2020 and 2021 base earnings as executive vice–president and chief financial officer.*

(2) *There were no PSUs granted in 2021. On May 28, 2020, Phantom PSUs were granted under the Phantom PRSU Plan and are valued at grant date fair value.*

(3) *Fair market value of options on grant date of May 28, 2020.*

(4) *See the Executives' share ownership guidelines section for more details.*

(5) *Calculated using annual base salary of $350,000 as at November 3, 2021.*

Stephen Glanville

President and Chief Operating Officer

Calgary, Alberta, Canada

Age: 50

Date of hire: March 21, 2011

Mr. Glanville has served as COO of the Company since its inception in March 2011 and was appointed president in July 2021. Mr. Glanville served as vice−president, operations from November 2013 to June 2021. He is responsible for STEP's coiled tubing and pressure pumping operations in Canada and the U.S., as well as external affairs and strategy, investor relations, and communications. Mr. Glanville is a co−founder of STEP and is a certified engineering technologist with nearly 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 Petroleum Services Association of Canada (PSAC) and serves as a director of PSAC's Stars and Spurs Gala in support of STARS Air Ambulance. He is a former president of ICoTA Canada. Mr. Glanville received his diploma from the Southern Alberta Institute of Technology.

Compensation	2021	2020
Actual base earnings	\$367,373(1)	\$302,965(1)
Pay at risk		
AIP	\$334,576(2)	–
LTIP – PSUs(3)	–	\$40,719(3)
LTIP – RSUs	\$126,821(4)	–
LTIP – options	\$126,821 (5)	\$46,683(5)
LTIP – FALTIP	\$108,703(6)	–
Total direct compensation	\$1,064,294	\$390,367

Share ownership guidelines (7)			
			Ownership under the guidelines
Minimum level of ownership	Minimum value (8)	Actual value(9)	Total ownership as a multiple of base salary(10)
2x	$800,000	$542,870	1.4x

Notes

(1) *Denotes actual 2020 and 2021 base earnings. Effective July 1, 2021, Mr. Glanville's salary was increased to $400,000 in connection with his promotion to President and COO.*

(2) *2021 AIP award was earned in 2021 and paid in Q2 2022.*

(3) *There were no PSUs granted in 2021. On May 28, 2020, Phantom PSUs were granted under the Phantom PRSU Plan and are valued at grant date fair value.*

(4) *Fair market value of RSUs (equity–settled) on grant date of June 1, 2021 and July 1, 2021.*

(5) *Fair market value of options on grant dates of June 1, 2021 and July 1, 2021.*

(6) *Fair market value of FALTIP granted on June 1, 2021 and July 1, 2021.*

(7) *See the Executives' share ownership guidelines section for more details.*

(8) *Calculated using annual base salary of $400,000 as at December 31, 2021.*

(9) *Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition or award (as applicable) and the closing market share price on December 31, 2021 of $1.61.*

(10) *Mr. Glanville meets the Executives' ownership guidelines as of the date of this Circular.*

Rory Thompson

President, Canadian Operations

Rimbey, Alberta

Age: 47

Date of hire: June 20, 2011

Mr. Thompson has served as the president, Canadian operations since August 2018. Prior to this, he served as the vice–president, coiled tubing services, Canada, since April 2015. He was the director of operations since January 2014, and the operations manager since June 2011. Mr. Thompson has 20 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	2021	2020
Actual base earnings	$276,827(1)	$244,327(1)
Pay at risk		
AIP	$172,832(2)	–
LTIP – PSUs(3)	–	$25,596(3)
LTIP – RSUs	96,250(4)	–
LTIP – options	$96,250(5)	$30,281(5)
LTIP – FALTIP	$82,500(6)	–
Total direct compensation	$724,659	$300,204

Share ownership guidelines (7)

			Ownership under the guidelines
Minimum level of ownership	Minimum value (8)	Actual value (9)	Total ownership as a multiple of base salary
1x	$300,000	$327,115	1.1x

Notes

(1) *Denotes actual 2020 and 2021 base earnings. Mr. Thompson salary increased from $275,000 to $300,000, effective November 7, 2021.*
(2) *2021 AIP award was earned in 2021 and paid in Q2 2022.*
(3) *There were no PSUs granted in 2021. On May 28, 2020, Phantom PSUs were granted under the Phantom PRSU Plan and are valued at grant date fair value.*
(4) *Fair market value of RSUs on grant date of June 1, 2021 and November 11, 2021.*
(5) *Fair market value of options on grant dates of June 1, 2021 and May 28, 2020.*
(6) *Fair market value of FALTIP granted on June 1, 2021 and November 11, 2021.*
(7) *See the Executives' share ownership guidelines section for more details.*
(8) *Calculated using annual base salary of $300,000 as at December 31, 2021.*
(9) *Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition or award (as applicable) and the closing market share price on December 31, 2021 of $1.61.*

Brock Duhon

Former President, U.S. Operations

La Vernia, Texas, United States

Age: 42

Date of hire: May 25, 2015

Mr. Duhon served as president, U.S. operations from July 2019 to December 31, 2021. Previously, he served as the vice–president, coiled tubing services and open hole wireline services, U.S. from April 2018 to July 2019, and the vice–president, U.S. coiled tubing services from May 2015 to April 2018. Mr. Duhon has over 21 years of experience in the energy industry. Prior to joining STEP, Mr. Duhon worked at Pioneer Energy Services Corp. as vice–president of coiled tubing operations from 2012 to May 2015, prior to which he participated in a coiled tubing start–up, Go Coil LLC, from 2008 to 2011.

Compensation	2021	2020
Actual base earnings	$366,311(1)	$338,161(1)
Pay at risk		
AIP	–	–
LTIP – PSUs(2)	–	$38,038(2)
LTIP – RSUs	$75,912(3)	–
LTIP – options	$75,912(4)	$37,851(4)
LTIP – FALTIP	$65,067(5)	–
Total direct compensation	$583,202	$414,050

Share ownership guidelines (6)

			Ownership under the guidelines
Minimum level of ownership	Minimum value(7)	Actual value(8)	Total ownership as a multiple of base salary
1x	$363,515	$276,803	0.8x

Notes

(1) *Denotes actual 2020 and 2021 base earnings.*

(2) *There were no PSUs granted in 2021. On May 28, 2020, Phantom PSUs were granted under the Phantom PRSU Plan and are valued at grant date fair value.*

(3) *Fair market value of RSUs on grant date of June 1, 2021.*

(4) *Fair market value of options on grant dates of June 1, 2021 and May 28, 2020.*

(5) *Fair market value of FALTIP granted on June 1, 2021.*

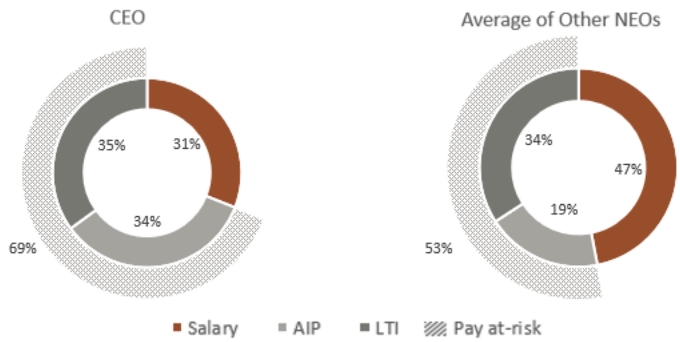
(6) *See the Executives' share ownership guidelines section for more details.*

(7) *Calculated using annual base salary of $363,515 CAD ($290,000 USD) as at December 31, 2021, using an average exchange rate for 2021 of USD 1.000:CAD 1.2535.*

(8) *Shares and RSUs held for purposes of the share ownership guidelines are valued at the higher of the value at the time of acquisition or award (as applicable) and the closing market share price on December 31, 2021 of $1.61.*

NEO actual pay mix

The below chart indicates the actual 2021 pay mix for the CEO and average of the Other NEOs.



Compared to the target pay mix, base salary was more prominent because AIP and LTIP awards were reduced in line with the 7.5% limit and low common share price prevailing at the time of the 2021 annual LTIP grant, respectively.

Summary compensation table

The following table provides a summary of compensation paid to our NEOs for the years ended December 31, 2021, 2020 and 2019.

Named executive	Year	Salary ($)[1]	Share–based awards ($)[2][3]	Option–based awards ($)[4]	Non–equity incentive plan compensation: Annual incentive plans (S)[5]	Non–equity incentive plan compensation: Long–term incentive plans[6]	Pension value	All other ($)[7]	Total compensation ($)
Regan Davis (CEO)[8]	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
	2019	393,779	301,125	301,125	173,763	–	–	58,200	1,227,992
Klaas Deemter (CFO)	2021	34,462	46,517	46,517	39,336	39,871	–	221,821	428,524
	2020	–	–	–	–	–	–	–	–
	2019	–	–	–	–	–	–	–	–
Michael Kelly (Former Executive Vice–President and CFO)	2021	305,577	–	–	–	–	–	526,678	832,255
	2020	310,962	40,719	46,683	–	–	–	19,884	418,248
	2019	343,269	218,750	218,750	124,907	–	–	39,482	945,158
Stephen Glanville (President and COO)	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
	2019	334,442	213,125	213,215	121,084	–	–	30,546	912,322
Rory Thompson (President, Canadian Operations)	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
	2019	269,711	137,630	137,500	77,401	–	–	15,532	637,774
Brock Duhon (President, U.S. Operations)	2021	366,311	75,912	75,912	–	65,067	–	170,936	754,138
	2020	338,161	38,038	37,851	–	–	–	21,567	435,617
	2019	346,525	188,797	188,797	81,722	–	–	37,230	843,071

Notes.

(1) *Actual base earnings in 2021, 2020 and 2019.*

(2) *Share–based awards in 2021 consist of equity–settled RSUs. Amounts presented are calculated as the number of units multiplied by the grant date fair value per common share. The grant date fair value was the five–day VWAP as follows: for Messrs. Davis, and Duhon as at June 1, 2021 of $1.34; for Mr. Glanville as at June 1, 2021 of $1.34 and July 1, 2021 of $1.77; for Mr. Thompson as at June 1, 2021 of $1.34 and November 11, 2021 of $2.13; and for Mr. Deemter as at November 11, 2021 of $2.13.*

(3) *Consists of RSUs in 2021 and PSUs in 2020 and 2019.*

(4) *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 69.24–71.44% and a risk–free rate of 0.72–1.46%. The Black–Scholes values were as follows: for Messrs. Davis and Duhon as at June 1, 2021 was $0.77; for Mr. Glanville as at June 1, 2021 was $0.77 and July 1, 2021 was $1.02; for Mr. Thompson as at June 1, 2021 was $0.77 and November 11, 2021 was $1.21; for Mr. Deemter as at November 11, 2021 was $1.21.*

(5) *Reflects cash bonuses earned in 2019 and 2021, which were paid in the first quarter of 2020 and the second quarter of 2022, respectively. Due to the impact of COVID–19 and the oil price crash on financial results, no cash bonuses were awarded for 2020.*

(6) *Consists of FALTIP grants – see further details in Long–term Incentive Plan section*

(7) *Denotes all other compensation, including, but is not limited to: automobile allowance, parking, company match of registered savings plan contributions and executive benefits. Mr. Deemter also received amounts in lieu of foregone compensation from his previous employer, which consisted of $80,000 cash and a $137,191 FALTIP grant which vests over three years. Mr. Kelly's amount includes $500,000 pursuant to his voluntary separation and retirement agreement. Mr. Duhon's amount includes $125,350 pursuant to his retention agreement.*

(8) *Mr. Davis does not receive any additional compensation in his capacity as a director of STEP.*

Incentive plan awards

Outstanding share–based awards and option–based awards

The following tables indicate, for each NEO, all outstanding awards as at December 31, 2021.

Option–based awards (prior and options)					Share–based awards (PSUs and RSUs)		
Named executive	Number of securities underlying unexercised options[(1)]	Option Exercise price ($)[(1)]	Expiration date of options[(1)]	Aggregate value of unexercised in–the–money options ($)[(2)]	Number of shares or units of shares that have not vested[(3)]	Market or payout value of share–based awards that have not vested ($)[(4)]	Market or payout value of vested share–based awards not paid out or distributed
Regan Davis (CEO)	254,114 275,000 254,275	2.14 0.42 1.34	May 15, 2024 May 28, 2025 June 1, 2026	– 327,250 68,654	454,839	732,291	–
Klaas Deemter (CFO)	38,303	2.13	November 11, 2026	–	21,822	35,133	–
Michael Kelly (Former Executive Vice–President and CFO)	201,987 184,599 185,000	5.70 2.14 0.42	October 1, 2023 May 15, 2024 May 28, 2025	– – 220,150	–	–	–
Stephen Glanville (President and COO)	179,852 185,000 144,513 14,639	2.14 0.42 1.34 1.77	May 15, 2024 May 28, 2025 June 1, 2026 July 1, 2026	– 220,150 39,019 –	289,023	465,327	–
Rory Thompson (President, Canadian Operations)	116,034 120,000 93,234 19,814	2.14 0.42 1.34 2.13	May 15, 2024 May 28, 2025 June 1, 2026 November 11, 2026	– 142,800 25,173 –	184,279	296,689	–
Brock Duhon (President, U.S. Operations)	100,000 36,000 90,930 21,822 50,000	6.25 5.00 2.14 1.51 0.42	January 30, 2022 January 30, 2022 January 30, 2022 January 30, 2022 January 30, 2022	– – 2,182 59,500	–	–	–

Notes

(1) *Includes options granted under the Prior Plan and the Option Plan.*

(2) *The value of the unexercised in–the–money options is an aggregate amount calculated using the difference between the December 31, 2021 closing price of $1.61 and the applicable exercise price of the options.*

(3) *Includes PSUs and RSUs; see further details in the Components and pay mix section.*

(4) *PSU value calculated using the December 31, 2021 closing price of $1.61 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.*

Performance warrant based awards				
Named executive	Number of common shares underlying unexercised warrants	Warrant exercise price ($)	Warrant expiration date	Value of unexercised in–the–money warrants ($)[1]
Regan Davis (CEO)	–	–	–	–
Klaas Deemter (CFO)	–	–	–	–
Michael Kelly (Former Executive Vice–President and CFO)	–	–	–	–
Stephen Glanville (President and COO)	–	–	–	–
Rory Thompson (President, Canadian Operations)	–	–	–	–
Brock Duhon (President, U.S. Operations)	286,000	7.50 – 15.65	January 30, 2022	–

Note

(1) *The value of the unexercised in–the–money performance warrants were calculated based on the December 31, 2021 closing price of $1.61.*

Incentive plan awards – value vested or earned during the year

The table below indicates, for each NEO, a summary of the value of the awards vested in accordance with their terms as at December 31, 2021.

Named executive	Option–based awards – value vested during the year ($)	Share–based awards – value vested during the year ($)	Non–equity incentive plan compensation – value earned during the year ($)[(1)(2)]
Regan Davis[(3)] (CEO)	84,183	64,857	715,758
Klaas Deemter (CFO)	–	–	79,207
Michael Kelly (Former Executive Vice–President and CFO)	–	–	–
Stephen Glanville[(3)] (President and COO)	56,632	36,723	443,279
Rory Thompson[(4)] (President, Canadian Operations)	36,734	39,468	255,332
Brock Duhon[(5)] (President, U.S. Operations)	46,310	33,751	–

Notes

(1) *Includes AIP amounts earned in 2021 and paid in the second quarter of 2022.*

(2) *Includes FALTIP amounts earned in 2021, vesting over a three–year period.*

(3) *For Messrs. Davis and Glanville, their PSU – Corporate awards cliff vested after three years on March 27, 2021 with a performance multiplier of .826 and were valued at a vest date fair value of $1.26 per share.*

(4) *For Mr. Thompson, his PSU – Corporate awards cliff vested after three years on March 27, 2021 using a performance multiplier of .826, at a vest date fair value of $1.26 per share. His PSU – Business Unit awards vested on March 29, 2021 using a performance multiplier of 1.00 and 0.5, at a vest date fair value of $1.26 per share and on May 21, 2021 using a performance multiplier of 2, at a vest date fair value of $1.39 per share.*

(5) *For Mr. Duhon, his PSU – Corporate awards cliff vested after three years on March 27, 2021 using a performance multiplier of .826, at a release price of $1.26. His PSU – Business Unit awards vested on March 29, 2021 using a performance multiplier of 1.33, using a release price of $1.26, on April 5, 2021 using a performance multiplier of 1.33, at a release price of $1.30 and on May 21, 2021 using a performance multiplier of 0.5, at a release price of $1.39.*

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.

Additionally, the employment agreement of Mr. Davis also provides that he shall have the right, but shall not be obligated, to terminate his employment and the employment agreement within 90 days following the occurrence of certain specified events such as material decreases in responsibility or salary. If Mr. Davis exercise such right, he is entitled to the compensation outlined below.

Named executive	Element of compensation[(1)]	Termination without cause[(2)] OR change of control[(3)]	Change of control payout is conditional upon:[(4)]
CEO (Regan Davis)	Severance	An amount equal to 24 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 24.	Termination by CEO in connection with change of control.
	Base salary	Accrued and unpaid base pay up to the termination date.	
	AIP	Any declared but unpaid bonus.	
	Benefits	10% of an amount equal to 24 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.[(5)]	
	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.[(6)]	
	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.[(7)]	
	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.[(8)]	
CFO (Klaas Deemter)	Severance	An amount equal to 110% of current base salary.	Termination by CFO in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base pay up to the termination date.	
	AIP	Any declared but unpaid bonus.	
	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.[(6)]	
	PSUs/RSUs	If vested, exercisable for 30 days after departure; if unvested, only subject to accelerated vesting under certain circumstances following change of control.[(7)]	
	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.[(8)]	

Named executive	Element of compensation[1]	Termination without cause[2] OR change of control[3]	Change of control payout is conditional upon:[4]
President and COO (Stephen Glanville)	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 by COO in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base pay up to the termination date.	
	AIP	Any declared but unpaid bonus.	
	Benefits	10% of amount in *Severance* (above).	
	Prior options and performance warrants	If vested, exercisable for 30 days; if unvested, only subject to accelerated vesting upon liquidity event.[5]	
	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.[6]	
	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.[7]	
	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.[8]	
President, Canadian Operations (Rory Thompson)	Severance	An amount equal to 110% of current base salary.	Termination by president in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base pay up to the termination date.	
	AIP	Any declared but unpaid bonus.	
	Prior options and performance warrants	If vested, exercisable for 30 days; if unvested, only subject to accelerated vesting upon liquidity event.[5]	
	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.[6]	
	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.[7]	
	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.[8]	
President, U.S. Operations (Brock Duhon)	Severance	An amount equal to 110% of current base salary.	Termination by president in connection with change of control AND good reason.
	Base salary	Accrued and unpaid base pay up to the termination date.	
	AIP	Any declared but unpaid bonus.	
	Prior options and performance warrants	If vested, exercisable for 30 days; if unvested, only subject to accelerated vesting upon liquidity event.	

Named executive	Element of compensation[1]	Termination without cause[2] OR change of control[3]	Change of control payout is conditional upon:[4]
	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. [6]	
	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.[7]	
	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. [8]	

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, CFO, President, Canadian Operations and President, US Operations 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 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

If, in connection with the termination of their employment, Messrs. Davis or Glanville were entitled to receive the severance payments set forth below, they 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. If Mr. Davis resigns and is not entitled to the severance payments set forth below, STEP may elect to make a non−compete payment equivalent to such severance amount in which case Mr. Davis will be subject to an 18−month non−competition period but he will otherwise not be subject to non−solicitation or non−competition periods.

If, in connection with the termination of their employment, Messrs. Deemter and Duhon were entitled to receive the severance payments set forth below, they would be subject to a 12−month non−solicitation and non−competition period. If Messrs. Deemter and Duhon were not entitled to severance, they would be subject to a 12−month non−solicitation and 6−month non−competition period.

Termination and change of control

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 31, 2021 at the closing market share price of $1.61.

Named executive	Triggering event			
	Retirement ($)	Death or Disability ($)	Change of control termination(1)(2) ($)	Termination without cause(3) ($)
Regan Davis (CEO)				
Severance(4)	–	82,192	2,194,016	2,194,016
Prior option–based awards value(5)	–	–	–	–
Performance warrants(6)	–	–	–	–
Performance share units(7)	–	–	495,146	–
RSUs (equity–settled)(8)	–	–	237,145	–
RSUs (cash–settled)(9)	–	–	–	–
Options(10)	–	–	395,904	–
FALTIP(11)	–	–	168,750	–
Total obligation	–	82,192	3,490,961	2,194,016
Klaas Deemter (CFO)				
Severance(4)	–	–	308,000	308,000
Prior option–based awards value(5)	–	–	–	–
Performance warrants(6)	–	–	–	–
Performance share units(7)	–	–	–	–
RSUs (equity–settled)(8)	–	–	35,133	–
RSUs (cash–settled)(9)	–	–	–	–
Options(10)	–	–	–	–
FALTIP(11)	–	–	39,871	–
Total obligation	–	–	383,004	308,000
Michael Kelly (13) (Former Executive Vice–President and CFO)				
Severance(4)	–	–	–	–
Prior option–based awards value(5)	–	–	–	–
Performance warrants(6)	–	–	–	–
Performance share units(7)	–	–	–	–
RSUs (equity–settled)(8)	–	–	–	–
RSUs (cash–settled)(9)	–	–	–	–
Options(10)	–	–	220,150	–
FALTIP(11)	–	–	–	–
Total obligation(13)	–	–	220,150	–
Stephen Glanville (President and COO)				
Severance(4)	–	–	1,161,864	1,161,864
Prior option–based awards value(5)	–	–	–	–
Performance warrants(6)	–	–	–	–
Performance share units(7)	–	–	316,983	–

Named executive	Triggering event			
	Retirement ($)	Death or Disability ($)	Change of control termination(1)(2) ($)	Termination without cause(3) ($)
RSUs (equity–settled)(8)	–	–	148,344	–
RSUs (cash–settled)(9)	–	–	–	–
Options(10)	–	–	259,169	–
FALTIP(11)	–	–	108,703	–
Total obligation	–	–	1,995,063	1,161,864
Rory Thompson (President, Canadian Operations)				
Severance(4)	–	–	330,000	330,000
Prior option–based awards value(5)	–	–	–	–
Performance warrants(6)	–	–	–	–
Performance share unit(7)	–	–	191,563	–
RSUs (equity–settled)(8)	–	–	105,127	–
RSUs (cash–settled)(9)	–	–	–	–
Options(10)	–	–	167,973	–
FALTIP(11)	–	–	82,500	–
Total obligation	–	–	877,163	330,000
Brock Duhon (President, U.S. Operations)(12)				
Severance(4)	–	–	399,867	399,867
Prior option–based awards value(5)	–	–	–	–
Performance warrants(6)	–	–	–	–
Performance share unit(7)	–	–	–	–
RSUs (equity–settled)(8)	–	–	–	–
RSUs (cash–settled)(9)	–	–	–	–
Options(10)	–	–	61,682	–
FALTIP(11)	–	–	–	–
Total obligation	–	–	461,549	399,867

Notes

(1) *Assumes, for Mr. Davis, termination by the named executive in connection with a change of control OR good reason (single trigger) and, for all others termination by the executive in connection with a change of control AND as a result of 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) *Cash severance payments reflect the amount the named executive would have been entitled to receive as at December 31, 2021. 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.*

(5) *The value of prior options is calculated using the difference between the exercise price and the December 31, 2021 closing price of $1.61.*

(6) *The value of performance warrants is calculated as of December 31, 2021.*
(7) *PSU values as of December 31, 2021, assuming a multiplier of 1.0x of a possible range of 0.0 to 2.0x.*
(8) *RSU values as of December 31, 2021, using closing price of $1.61.*
(9) *RSU cash–settled values as of December 31, 2021, using closing price of $1.61*
(10) *The value of options is calculated using the difference between the exercise price and the December 31, 2021 closing price of $1.61.*
(11) *FALTIP values are in CAD. For Mr. Duhon a June 1, 2021 exchange rate of USD 1:000:CAD 1.2040 was used.*
(12) *Mr. Duhon's salary and annual incentive plan awards are paid in U.S. dollars. For purposes of this table compensation was calculated using an average exchange rate of USD 1.000:CAD 1.2535.*
(13) *In connection his voluntary separation and retirement agreement, Mr. Kelly will receive $500,000. For further details about his agreement, refer to the Executive compensation discussion and analysis – Components and pay mix – Long–term incentive plan section above.*

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 25, 2022
ARC Energy Fund 6[(1)]	13,588,546 shares	19.92
ARC Energy Fund 8[(2)]	26,654,454 shares	39.08

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 2021 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, 2021, 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, 2021, 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 securityholder approval for amendments when required by the plan and the requirement to obtain periodic securityholder approval for all unallocated options, rights or other entitlements under security based compensation agreements, such as the Option Plan, which do not have a fixed maximum aggregate of securities issuable.

As at December 31, 2021	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)
Equity compensation plans not approved by securityholders:			
Prior Plan(1)	247,900	$6.51	–
Performance warrants(2)	519,640	$12.54	–
Equity compensation plans approved by securityholders:			
PRSU Plan(3)	703,405	–	2,704,444
Option Plan(4)	3,847,805	$1.56	1,923,703
Total	5,318,750	$3.06	4,628,147

Notes

(1) *As at December 31, 2021 there were 247,900 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 $6.51 and a weighted average remaining term of 0.64 years.*

(2) *As at December 31, 2021 there were 519,640 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 $12.54 and a weighted average remaining term of 0.59 years.*

(3) *As at December 31, 2021 there were 703,405 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 2.4 years.*

(4) *As at December 31, 2021 there were 3,847,805 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 $1.56 and a weighted average remaining term of 3.17 years.*

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.

	2021 (%)	2020 (%)	2019 (%)
Dilution(1)			
Option Plan	5.66%	5.31%	3.18%
PRSU Plan	1.03%	0.69%	1.29%
Burn rate(2)			
Option Plan	1.42%	2.52%	2.95%
PRSU Plan	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 total weighted average number of shares issued and outstanding during the years ended December 31, 2021, December 31, 2020 and December 31, 2019. Total weighted average shares issued and outstanding were 68,007,878, 67,321,951 and 66,763,210, respectively.*

(2) *The total number of options or share units granted during the calendar years 2021, 2020 and 2019, which for options were 967,374, 1,696,800 and 1,971,489, respectively; and for share units were 761,827, 0 and 0, respectively; expressed as a percentage of the weighted average number of shares issued and outstanding during the years ended December 31, 2021, December 31, 2020 and December 31, 2019. Total weighted average shares issued and outstanding were 68,007,878, 67,321,951 and 66,763,210 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, 2021.

“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, primarily for the AIP 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, stock−based compensation, impairments, gain/loss on disposal of property and equipment and foreign exchange forward contract gain/loss 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). 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).

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, 2021, 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

For all other investor related inquiries, please contact: 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 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 25, 2023 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 2023.

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 25, 2022.

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:

- manage or supervise the management of the business and affairs of STEP;
- act honestly and in good faith with a view to the best interests of STEP;
- exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
- 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:

- any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- the filling of a vacancy among the Directors;
- the issuance of securities;
- the declaration of dividends;
- the purchase, redemption or any other form of acquisition of shares issued by STEP;
- 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;
- the approval of management proxy circulars;
- the approval of any take–over bid circular or directors' circular; and
- 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:

- 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;
- to approve the appointment and remuneration of STEP's senior management; and
- 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:

- 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;
- to recommend to shareholders of STEP a firm of chartered accountants to be appointed as STEP's auditors;
- to ensure that the financial results of STEP are reported fairly and in accordance with generally accepted accounting principles;
- 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;
- to establish a process for direct communications with shareholders and other stakeholders through appropriate Directors, including through the Whistleblower Policy;
- to ensure that STEP has in place a policy to enable STEP to communicate effectively with its shareholders and the public generally; and
- 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:

- 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 — COMMITTEE MANDATES

AUDIT COMMITTEE MANDATE

1. Introduction

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of STEP Energy Services Ltd. ("**STEP**"). The primary function of the Committee is to assist the Board by:

I. working with the Chief Executive Officer to recruit persons to hold key positions in the financial management of STEP including the Chief Financial Officer, the Controller and any other persons hired to be the primary interface between STEP and its financial agents, lenders or shareholders;

II. recommending to the Board for consideration and further recommendation to the shareholders the appointment and compensation of the external auditor;

III. overseeing the work of the external auditor, including gaining an understanding of disagreements between the external auditor and management;

IV. overseeing the assignment of non–audit services to the external auditor, including but not restricted to pre–approving all non–audit services (or delegating such pre–approval, if and to the extent permitted by law) to be provided to STEP or its subsidiary entities ("**subsidiaries**") by the external auditor;

V. reviewing and approving any proposed hiring of any current or former partner or employee of the current or former external auditor of STEP or its subsidiaries;

VI. establishing procedures for the receipt, retention and treatment of complaints received by STEP regarding accounting, internal controls or auditing matters, and for anything that may be required beyond STEP's Whistleblower Policy for the confidential, anonymous submission by employees of STEP or its subsidiaries of concerns regarding questionable accounting or auditing matters;

VII. reviewing and approving the quarterly financial statements, the related Management Discussion and Analysis ("**MD&A**"), and similar financial information provided by STEP to any governmental body, the shareholders of STEP or the public, including by way of press release;

VIII. reviewing and recommending that the Board approve annual financial statements, the related MD&A, and similar financial information provided by STEP to any governmental body, the shareholders of STEP or the public, including by way of press release; and

IX. satisfying itself that adequate procedures are in place for the compilation, calculation and review of STEP's disclosure of financial information, other than as described in VII above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures.

The Committee should primarily fulfill these roles by carrying out the activities enumerated in this Mandate.

2. Composition and Meetings

I. The Committee must be comprised of a minimum of three directors, as appointed by the Board, each of whom shall be independent within the meaning of National Instrument 52–110 – *Audit Committees* ("**NI 52–110**") of the Canadian Securities Administrators unless the Board determines that an exemption contained in NI 52–110 is available and determines to rely thereon, and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

II. All of the members of the Committee must be financially literate within the meaning of NI 52–110 unless the Board has determined to rely on an exemption in NI 52–110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by STEP's financial statements.

III. The members of the Committee and its Chair shall be elected by the Board on an annual basis, or until they are removed or their successors are duly appointed.

IV. The members of the Committee may be removed or replaced by the Board at any time. The Chair of the Committee may be removed by the Board at any time. Any member shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as a quorum remains.

V. The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee should meet within forty−two (42) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and should meet within eighty−five (85) days following the end of the fiscal year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A.

VI. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of STEP with senior employees, officers and the external auditor, and others as they consider appropriate. For greater certainty, corporate information includes information relating to STEP's affiliates, subsidiaries and their respective operations.

VII. In order to foster open communication, the Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with STEP's interim financial statements and the Committee should meet not less than quarterly with the auditors, independent of the presence of management.

VIII. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote and in such cases the undecided matter should be referred to the Board as a whole.

IX. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

X. Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chair of the Board, any Lead Director, the external auditor, the Chief Executive Officer, the Chief Financial Officer or the Corporate Secretary shall also be entitled to call a meeting.

XI. Agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings. Minutes of each meeting will be recorded and reviewed for errors or omissions and then filed with the Corporate Secretary and made available to any director at any time. The Committee should report on its activities at each quarterly meeting of the Board or more frequently as material issues are addressed by the Committee. It will be the responsibility of the Chair to report to the Board or delegate such reporting.

XII. Any issue arising from these meetings that bear on the relationship between the Board and management should be communicated to the Board by a member of the Committee, the Committee being responsible to designate the member responsible for such report.

3. Role

In addition to the matters described in the Introduction, and any other duties and authorities delegated to it by the Board from time to time, the role of the Committee is to:

A. General

- Review and recommend to the Board changes to this Mandate, as considered appropriate from time to time.
- Review any and all disclosure regarding the Committee as contemplated by NI 52−110.
- Oversee by direct involvement or by delegation to the Disclosure Committee of management the disclosure of STEP's quarterly and annual financial statements and related filings.
- Summarize in STEP's disclosure materials the Committee's composition and activities, as required.

B. Internal Controls

- Satisfy itself on behalf of the Board with respect to STEP's internal control systems, including in particular but not exclusively:
  - matters relating to derivative instruments;
  - management's identification, monitoring and development of strategies to avoid and /or mitigate business risks;
  - the adequacy of the security measures that are in place in respect of STEP's information systems and the information technology that is utilized by STEP; and
  - ensuring compliance with legal and regulatory requirements.

C. Documents/ Reports Review

- Review and recommend to the Board for approval STEP's annual financial statements; and
- Review and approve STEP's quarterly financial statements, including in each case any certification, report, opinion or review rendered by the external auditor, and related MD&A.
  - The process of reviewing annual and quarterly financial statements should include but not be limited to:
    - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
    - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
    - reviewing accounting treatment of unusual or non−recurring transactions;
    - ascertaining compliance with covenants under loan agreements;
    - reviewing financial reporting relating to asset retirement obligations;
    - reviewing disclosure requirements for commitments and contingencies;
    - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
    - reviewing unresolved differences between management and the external auditors;
    - obtaining explanations of significant variances with comparative reporting periods; and
    - determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed.
    - Review the financial statements, prospectuses, MD&A, annual information forms and all public disclosure containing financial information that is based upon the financial statements of STEP that has not previously been released, before release and prior to Board approval, if required.
    - Seek to ensure that adequate procedures are in place for the review of STEP's disclosure of financial information extracted or derived from STEP's financial statements and periodically assess the adequacy of those procedures.

D. External Auditor

- Recommend to the Board the nomination of the external auditor for shareholder approval, considering independence and effectiveness, and review the fees and other compensation to be paid to the external auditor. Instruct the external auditor that its ultimate client is the shareholders of STEP as a group.
- Advise the external auditor that it is required to report directly to the Committee, and not to management of STEP and, if it has any concerns regarding the conduct of the Committee or any member thereof, it should contact the Chair of the Board or any other director.
- Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.
- Review and discuss, on an annual basis, with the external auditor all significant relationships they have with STEP, its management or employees to determine their independence.
- Review and approve requests for any material management consulting or other engagement to be performed by the external auditor and be advised of any other material study undertaken by the external auditor at the request of management that is beyond the scope of the audit engagement letter and related fees.
- Review the performance of the external auditor and any proposed dismissal or non−renewal of the external auditor when circumstances warrant.

- Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has or has not taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- Review with external auditors (and internal auditor if one is appointed by STEP) their assessment of the internal controls of STEP, their written reports containing recommendations for improvement, and management's response and follow–up to any identified weaknesses.
- Communicate directly with the external auditor, and arrange for the external auditor to report directly to the Committee.
- Communicate directly with the external auditor, and arrange for the external auditor to be available to the Committee and the full Board as needed.

E. Financial Reporting Processes

- Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as the Committee sees fit.
- Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of STEP's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices relative to STEP's peers.
- Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- Consider proposed major changes to STEP's accounting principles and practices.

F. Reporting Process

- If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- Review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of STEP and its subsidiaries.
- Periodically consider the need for an internal audit function, if not present.
- Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
- Where there are significant unsettled issues between management and the external auditors that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
- Review the system in place to seek to ensure that the financial statements, related MD&A and other financial information disseminated to governmental organizations and the public satisfy applicable requirements.
- When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

G. Risk Management

- Review program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.
- Review, not less than quarterly, a mark to market assessment of STEP's hedge positions and counterparty credit risk and exposure.

H. General

- If considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of STEP) the compensation for any such advisors.
- Perform any other activities as the Committee deems necessary or appropriate.

4. Complaint Procedures

A. Submitting a Complaint

- Anyone may submit a whistle blower notice or complaint regarding conduct by STEP or its subsidiaries or their respective employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The Chair or in his/her absence or by his/her delegation, any other member of the Committee should oversee the treatment of such complaints.

B. Procedures

- The Chair of the Committee is designated to receive and administer or supervise the administration of employee complaints with respect to accounting or financial control matters.
- In order to preserve anonymity when submitting a complaint regarding questionable accounting or auditing matters, the employee may submit a complaint in accordance with STEP's Whistleblower Policy, and such complaint shall be addressed in accordance with that policy.

C. Records and Report

- The Chair of the Committee should maintain a log of complaints, tracking their receipt, investigation, findings and resolution, and should prepare a summary report for the Committee.

Compensation and Corporate Governance Mandate

1. **Purpose**

The Compensation and Corporate Governance Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of STEP Energy Services Ltd. ("**STEP**"). The primary function of the Committee is to assist the Board by:

(a) reviewing and approving STEP's goals and objectives, and structuring, reviewing and approving and then recommending to the Board the compensation of the Chief Executive Officer (the "**CEO**") and other members of the senior management team in light of those goals and objectives;

(b) administering STEP's compensation plans for senior management and the Board, including stock–based compensation and such other compensation plans or structures as are adopted by STEP from time to time;

(c) providing broad oversight of STEP's compensation strategy including a charge to ensure that STEP is able to secure and, maintain employment of and, train and develop the skills of persons with the talent to enable STEP to meet its business objectives and execute its business strategies;

(d) reviewing STEP's Disclosure, Trading and Confidentiality Policy (the "**Disclosure Policy**"), Code of Business Conduct and Ethics (the "**Code**") and similar policies and practices as required;

(e) assessing the effectiveness of the Board as a whole (including any committees thereof) as well as discussing the contribution of individual members;

(f) considering questions of management succession;

(g) assessing the performance of the CEO, each director and other key personnel of STEP;

(h) periodically assessing STEP's governance. In this regard, the Committee will look to foster an environment of full open communication in which all directors are encouraged to participate in Board and Committee dialogue and in which any director or other person commonly in attendance at Board meetings is discouraged from discouraging participation or intimidating others from contributing. In performing this duty, the Chair of the Committee will be charged with discussing the Committee's views including the conduct of directors and providing the Committee's views. The Committee is to be particularly alert to proper conduct in possible cases of conflicts of interest, and appropriate and respectful interaction with other directors and servants of STEP including employees, consultants, contractors and others;

(i) proposing new nominees for appointment to the Board while not impairing in any way the right of any other Committee, any director or any group of directors or the Board as whole to also propose new nominees for appointment to the Board;

(j) recommending to the Board to consider measures to seek the resignation or removal of directors where their current or past conduct is or has been improper (illegal or in violation of STEP's policies or disruptive to the effective and reputable conduct of the Board or STEP's business) or liable to adversely affect STEP or its reputation; and

(k) orienting new directors.

2. **Composition and Meetings**

(a) The Committee shall be comprised of at least three (3) directors of STEP appointed by the Board. A majority of the members shall be "independent" for the purposes of National Policy 58–201 – Corporate Governance Guidelines and shall be (or shall become within a reasonable period of time after appointment) familiar with recent compensation and corporate governance practices and with STEP's compensation and staffing policies and programs. It is the desired objective of STEP that all directors, especially those who are Committee members, possess ICD.D or other similar certification.

(b) The Chair of the Board of Directors may be a full member of the Committee. If he or she is not a member of the Committee, he or she will nonetheless be entitled to attend and participate (except if he or she is conflicted) in the discussion of meetings of the Committee. He or she will have a vote as to Committee matters if and only if he or she is a member of the Committee.

(c) The members of the Committee and its Chair shall be elected by the Board on an annual or more frequent basis as the Board deems appropriate. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

(d) The members of the Committee may be removed or replaced by the Board at any time. The Chair may be removed by the Board or the Committee, in consultation with the Board, at any time. Any member shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee or expand or contract the Committee provided that it always contains, at least, three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as the Committee members are duly notified of any meeting a quorum, being at least half, of the remaining members are in attendance.

(e) The Committee may delegate any or all of its functions to any of its members or any sub–set thereof, or other persons, from time to time as it sees fit.

(f) The Committee shall meet at least two times per annum or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information, except as prohibited by law (including conflicts of interest of one or more Committee members), it deems appropriate for the purpose of fulfilling its role.

(g) The Committee may if considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants, outside compensation specialists or other experts and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of STEP) the compensation for any such advisors.

(h) At all meetings of the Committee every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote. Any issue not resolvable by a majority of the non–conflicted members of the Committee at a properly convened meeting of the Committee will be referred, for resolution, to the Board as a whole.

(i) A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee, but in any event not less than two.

(j) Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chair of the Board, any Lead Director, the CEO, the Chief Financial Officer or the Corporate Secretary shall also be entitled to call a meeting.

(k) Agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings. Minutes of each meeting will be recorded and reviewed by the Committee for errors or omissions and then filed with the Corporate Secretary and made available to any director at any time upon request to the Corporate Secretary. The Chair will report on Committee activities to the full Board at least two times per annum.

(l) Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.

3. Role

In addition to the matters described in Section 1, and any other duties and authorities delegated to it by the Board from time to time, the role of the Committee is to:

1) General

(a) Review and recommend to the Board changes to this Mandate, as considered appropriate from time to time.

(b) Review and make recommendations to the Board on STEP's general compensation philosophy and oversee the development and administration of compensation programs.

(c) Review and make recommendations to the Board on such other human resources and compensation matters, as are considered important from time to time.

(d) The mandate to review is without power to demand change. The power to demand change is a broader corporate right that the Board should hold unto itself as a whole.

(e) Oversee the preparation of and recommend to the Board any required disclosures of governance practices to be included in any disclosure document of STEP, as required.

2) Review and Recommendation of Compensation

(a) Review the senior management and Board compensation policies and/or practices followed by STEP and seek to ensure such policies are designed to recognize and reward performance and establish a compensation framework, which results in the effective development and execution of a Board–approved strategy. 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.

(b) Seek to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect industry–competitive cash compensation relative to corporate performance and considering individual performance in the context of the overall performance of STEP. Overall performance should be measured by the degree that STEP's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian oilfield services companies of a similar size in general and also the Canadian oilfield services companies with the most similar scope of business) differentiate. Participation in stock–based compensation should reflect the level of responsibility and level of contribution of participants within STEP.

(c) Develop, for review and approval of the Board, a written position description for the CEO.

(d) Annually evaluate STEP's and the senior executive's performance by the degree that STEP's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian oilfield services companies of a similar size in general and also the Canadian oilfield services companies with the most similar scope of business) differentiate.

(e) Annually, review and recommend to the Board an evaluation of the performance of senior executives and provide recommendations for annual compensation based on such evaluation and other appropriate factors, including industry competitiveness relative to position descriptions and Corporate and individual performance.

3) Compensation Programs

(a) Administer any stock–based compensation plan and such other compensation plans or structures for non–senior executive employees as are adopted by STEP from time to time in accordance with the terms of the applicable plan or structure, including the recommendation to the Board of the grant of stock options or other compensation in accordance with the terms of the applicable plan or structure.

(b) Regularly review all incentive compensation plans and stock–based plans and, in the Committee's discretion, make recommendations to the Board for consideration.

(c) Review employee benefit plans and reports and, in the Committee's discretion, make recommendations to the Board for consideration.

4) Compensation Risk Oversight

(a) Provide risk oversight in respect of STEP's compensation policies and practices.

(b) Identify any compensation policies or practices that could encourage senior executives or other individuals in a principal business unit or a division of STEP to take inappropriate or excessive risks.

(c) Identify any other risks that may arise from STEP's compensation policies and practices that are reasonably likely to have a material adverse effect on STEP.

5) Report on Executive Compensation

(a) Oversee and approve a report prepared by management on senior executive compensation on an annual basis in connection with the preparation of the annual management information circular or as otherwise required pursuant to applicable securities laws.

(b) To the extent applicable, the report on executive compensation should describe the process undertaken by the Committee and should speak to evaluation criteria considered for each senior executive's compensation.

(c) Review in advance all proposed executive compensation disclosure.

6) Compensation of the Board of Directors

(a) Review and recommend to the Board the compensation of the Board members, including annual retainer, meeting fees, stock–based compensation and other benefits conferred upon the Board members. The Committee should pay particular attention to independent review and competitiveness relative to STEP's peers with regard to this matter.

7) Human Resources Matters

(a) Review annually the effectiveness of the CEO, and in consultation with the CEO, other senior management and other executive officers, including their contributions, performance and qualifications.

(b) Consider such other human resources matters as are delegated to the Committee by the Board, for review or recommendation, as considered appropriate from time to time.

8) Governance

(a) As a duty but not to the exclusion of other directors performing on their own or in groups this same function, review, on a periodic basis, the size and composition of the Board, make recommendations as to the number of independent directors and advise the Board on filling vacancies.

(b) Facilitate the independent functioning of the Board, including by assessing which directors are independent directors and which independent directors serve the Board as a matter of duty to a third party and identifying areas of conflict of interest between STEP and any such third parties, and seek to maintain an effective relationship between the Board and senior management of STEP.

(c) Review, annually, the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable.

(d) Review, annually, the position descriptions for the Chair of the Board and the Chair of each committee of the Board and recommend to the Board such amendments to those position descriptions as the Committee believes are necessary or desirable.

(e) Assess, annually, the effectiveness of the Chair of the Board, the Board as a whole, all committees of the Board and the contribution, competency, skill and qualification and, if applicable, position distributions, of individual directors, including making recommendations where appropriate that a sitting director be removed or not re–appointed.

(f) Review, on a periodic basis, the Code, recommend to the Board any changes thereto as considered appropriate from time to time, ensure that management has established a system to monitor compliance with the Code, and review management's monitoring of STEP's compliance with the Code.

(g) Establish a process for direct communications with shareholders and other stakeholders, including through STEP's Whistleblower Policy.

(h) Develop a process to address any conflict of interest and to periodically review such process. This process should be particularly sensitive to conflicts arising from any director's obligations to any entity which may directly or through ownership, governance or contract have obligations to competitors, service providers, customers, or employers of people with the skills of STEP's staff.

(i) Review, on a periodic basis, senior management succession plans.

(j) Coordinate orientation for new directors and oversee continuing education programs for all directors.

9) Reporting Process

(a) Review and submit to the Board, as a whole, recommendations concerning executive and board compensation, compensation plan matters and corporate governance. Such reports may be oral or in writing. Unless such matters are delegated specifically to the Committee, the Committee shall only make recommendations to the Board for their consideration and approval, if appropriate. The Board will then have the authority to instruct management to implement the Board's directives.

(b) Review with the Board the Committee's judgment as to the quality of STEP's governance and suggest changes to STEP's operating governance guidelines as determined appropriate.

10) Nominating Role

(a) As necessary or appropriate, establish qualifications for directors and procedures for identifying possible nominees who meet these criteria. In so doing, the Committee should consider desired competencies, backgrounds and skills and the appropriate size of the Board.

(b) Consider, in recommending to the Board suitable candidates to be nominated for election as directors at the next annual meeting of shareholders of STEP:

(i) the competencies and skills considered necessary for the Board, as a whole, to possess;

(ii) the competencies and skills of the existing members of the Board;

(iii) the needs of the Board and the competencies and skills each new nominee will bring to the boardroom; and

(iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

11) Share Ownership Policies

(a) Periodically review the policy on mandatory share ownership for directors and senior officers of STEP and, in the Committee's discretion, recommend any changes to the Board for consideration.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE MANDATE

1. **Introduction**

The Health, Safety and Environment Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of STEP Energy Services Ltd. ("**STEP**"). The primary function of the Committee is to assist the Board by:

I. overseeing STEP's policies and management systems which are designed to cause it to comply with applicable laws and regulations with respect to (i) the protection of the health and safety of all persons associated with the operations of STEP, (ii) the protection of the biological and physical environments, and (iii) the relationship of STEP with the communities nearest its operations;

II. reviewing and commenting upon management's strategies to enhance STEP's image among its stakeholders;

III. evaluating the performance of STEP with respect to the matters identified in subparagraph I above; and

IV. reviewing management strategies to avoid and/or mitigate risks associated with undesired health, safety and environment risks.

2. **Composition and Meetings**

- The Committee shall be comprised of at least two (2) directors of STEP who are appointed by the Board. A majority of the members of the Committee shall be "independent" for the purposes of National Policy 58−201 – Corporate Governance Guidelines and each member shall (or shall become within a reasonable period of time after appointment) familiar with health, safety, environmental, community engagement and public policy matters as they pertain of the business and operations of STEP.
- The members of the Committee and its Chair shall be elected by the Board on an annual basis, or until they are removed or their successors are duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
- The members of the Committee may be removed or replaced by the Board at any time. The Chair may be removed by the Board at any time. Any member who is a director shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as a quorum remains
- The Committee may delegate any or all of its functions to any of its members or any sub−set thereof, or other persons, from time to time as it sees fit.
- The Committee shall meet at least two times per annum or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information it deems appropriate for the purpose of fulfilling its role.
- The Committee may if considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants or other experts and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of STEP) the compensation for any such advisors.
- At all meetings of the Committee every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote. Any matters upon which the majority will of a duly constituted meeting in which a quorum participated cannot be determined shall be referred to the full Board.
- A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee.
- Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chair of the Board, any Lead Director, the Chief Executive Officer, the Chief Financial Officer or the Corporate Secretary shall also be entitled to call a meeting.
- Agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings. It will be considered best practice, but not necessary, to allow the Chair to approve any proposed meeting agenda. Minutes of each meeting will be recorded and circulated to directors who are not members of the Committee or otherwise made available at subsequent meetings of the Board.
- Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Board by the Committee Chair.

3. Role

In addition to the matters described in the Introduction, and any other duties and authorities delegated to it by the Board from time to time, the role of the Committee is to:

A. General

- Review, annually, and recommend to the Board changes to this Mandate, as considered appropriate from time to time.
- Record minutes of its meetings, review them for errors or omissions and submit them to the Corporate Secretary who will file them and make them available to any Director.

B. Health, Safety, Environment and Community Engagement

- Monitor changes to applicable laws, regulations and rules and industry standards in regard to health, safety and environmental matters.
- Monitor on a regular basis, the existing health, safety and environmental practices, procedures and policies of STEP as prepared by and updated from time to time by management to ensure that they comply with applicable laws, regulations and rules, conform to industry standards and prevent or mitigate losses and, in the discretion of the Committee, direct changes to such practices, procedures and policies.
- Review periodically the relationship of STEP with the communities affected by its business and operations.
- Consider and implement policies for the improvement of the relationship of STEP with the communities affected by its business and operations.
- Evaluate the effectiveness of the implementation of STEP’s policies relating to health, safety and environmental matters.
- Direct the preparation of, and then review and consider, reports and recommendations issued by management or by external advisors relating to health and safety issues, compliance matters and the interaction of STEP with the communities affected by its business and operations, together with management’s response to those reports and recommendations.
- From time to time, tour STEP’s operations, interview the senior officers of STEP responsible for operations and a sampling of the operating personnel and report to the Board on such meetings.
- Review periodically STEP's emergency response plan, if any, and state of readiness to respond to crisis situations.
- Review any civil or criminal occupational health and safety or environmental proceedings, claims, orders, actions or government investigation contemplated or threatened against STEP.
- Review circumstances involving any emergency that forces the indefinite shut–down of operations, loss of safe operating control, serious injuries or fatalities among employees, contractors or the public; extensive damage to property or a serious harm to the environment.
- Review health, safety, and environmental programs implemented by management for any of STEP’s employees.

C. Reporting Process

- Submit to the Board, as a whole, reports concerning health, safety and environmental matters. Such reports may be oral or in writing. Unless such matters are delegated specifically to the Committee, the Committee shall only make recommendations to the Board for their consideration and approval, if appropriate. The Board will then have the authority to instruct management to implement the Board’s directives.