



CES ENERGY SOLUTIONS CORP.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS TO BE HELD ON JUNE 21, 2022**

AND

INFORMATION CIRCULAR AND PROXY STATEMENT

MAY 12, 2022



NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

To be held on June 21, 2022

NOTICE IS HEREBY GIVEN THAT the Annual General and Special Meeting (together with any and all adjournments and postponements thereof, the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of CES Energy Solutions Corp. (the "**Corporation**" or "**CES**") will be held on June 21, 2022 at 9:00 a.m. (Calgary time). As a result of the ongoing uncertainty relating to COVID-19, CES will conduct the Meeting in a virtual only format conducted via live audio webcast at <https://meetnow.global/MC4HMDD>. **Shareholders will not be able to attend the Meeting in person.**

The Meeting will be held for the following purposes:

1. to receive and consider the audited consolidated comparative financial statements of the Corporation for the year ended December 31, 2021, together with the auditors' report on those financial statements;
2. to fix the number of directors to be elected at the Meeting at eight (8) members;
3. to elect persons to serve as directors of the Corporation for the ensuing year;
4. to consider and, if thought fit, pass an ordinary resolution ratifying and approving the Corporation's amended and restated shareholder rights plan, as more fully described in the management information circular and proxy statement of the Corporation dated May 12, 2022;
5. to appoint Deloitte LLP as the auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation (the "**Board**") to fix the remuneration of the auditors; and
6. to transact such other business as may properly be brought before the Meeting.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying this Notice of Meeting. The audited consolidated comparative financial statements of the Corporation for the year ended December 31, 2021, including the auditors' report on those financial statements, have been mailed to Shareholders who have requested the same, in accordance with applicable securities laws. The financial statements are also available on the internet on the Corporation's SEDAR profile at www.sedar.com.

A Shareholder may attend the Meeting or may be represented at the Meeting by a third party proxy, in either case virtually via audio webcast only. Shareholders attending virtually, they will be able to ask questions and vote, all in real time, provided they are connected to the internet and comply with all of the requirements as set out in the Information Circular.

Shareholders of the Corporation who are unable or do not wish to attend the Meeting virtually are requested to complete, date and sign the enclosed form of proxy or voting instruction form (each referred to as a “**Form of Proxy**”) to appoint a third party proxyholder and return it in the enclosed envelope. Non-registered Shareholders (being Shareholders who hold their Common Shares through brokerage accounts or other intermediaries) who wish to appear attend virtually and vote at the Meeting must appoint themselves as proxy by inserting their name in the blank space provided on the Form of Proxy and returning the Form of Proxy in the envelope provided. In order to be valid and acted upon at the Meeting, the Form of Proxy must be received (either directly or through a Shareholder’s broker or other intermediary) by Computershare Investor Services Inc. not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time for holding the Meeting. Further instructions with respect to attending the Meeting virtually or voting by proxy are provided in the Form of Proxy and in the Information Circular accompanying this Notice of Meeting.

Shareholders of record as of the close of business on May 9, 2022 are entitled to receive notice of the Meeting and to vote Common Shares registered in their name at the Meeting. Any transferee or person acquiring Common Shares after such date may, on proof of ownership of such Common Shares, demand not later than 10 days before the Meeting that his or her name be included in the list of persons entitled to attend and vote at the Meeting, in which case the transferee is entitled to vote those Common Shares at the Meeting.

DATED at Calgary, Alberta on May 12, 2022.

CES ENERGY SOLUTIONS CORP.

(signed) “Kenneth E. Zinger”

Kenneth E. Zinger
President and Chief Executive Officer



INFORMATION CIRCULAR AND PROXY STATEMENT

**For the Annual General and Special Meeting of Shareholders
to be held on June 21, 2022**

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PROXIES

Solicitation of Proxies

This Information Circular and Proxy Statement (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management (“**Management**”) of CES Energy Solutions Corp., including, where context requires, its predecessors and subsidiaries (the “**Corporation**” or “**CES**”) for use at the Annual General and Special Meeting of the holders (the “**Shareholders**”) of common shares of the Corporation (the “**Common Shares**”) to be held on June 21, 2022 at 9:00 a.m. (Calgary time) (together with all adjournments and postponements thereof, the “**Meeting**”). As a result of uncertainty relating to COVID-19, CES will conduct the meeting virtually via audio webcast at <https://meetnow.global/MC4HMDD>. **Shareholders will not be able to attend the Meeting in person.**

The Meeting is being held for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders (the “**Notice of Meeting**”) accompanying this Information Circular. Information contained in this Information Circular is given as at May 12, 2022 unless otherwise stated.

Voting at the Meeting

A Registered Shareholder or a Beneficial Shareholder (each as defined below) who has appointed themselves or a third-party proxyholder to represent them at the meeting, will appear on a list of shareholders prepared by Computershare Trust Company of Canada / Computershare Investor Services Inc. (collectively, “**Computershare**”), the transfer agent and registrar for the meeting. To have their Common Shares voted at the meeting, each Registered Shareholder or proxyholder will be required to enter their control number or username provided by Computershare at <https://meetnow.global/MC4HMDD> prior to the start of the meeting. Beneficial Shareholders who appoint themselves as a proxyholder MUST register with Computershare at <https://www.computershare.com/CESEnergy> after submitting their voting instruction form in order to receive a username and to be able to vote. **It is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences.**

Notice and Access Procedures

National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”) allow for the use of a “notice and access” regime for the delivery of proxy-related materials.

Under the notice-and-access regime, reporting issuers are permitted to post electronic versions of their proxy-related materials on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) as well as a website other than SEDAR, rather than mailing paper copies to Shareholders. Under notice-and-access, a notice package containing (i) a paper copy of a notice outlining the matters to be addressed at the Meeting and how a Shareholder may obtain a copy of the Information Circular electronically or request a paper copy at no charge, and (ii) a Form of Proxy (as defined below), in the case of Registered Shareholders or a voting instruction form, in the case of Beneficial Shareholders will be sent to Shareholders. Where prior consent has been obtained, a reporting issuer can send this notice package to Shareholders electronically. This notice package must be mailed to Shareholders from whom consent to electronic delivery has not been received.

The Corporation has elected to send its Information Circular to Registered and Beneficial Shareholders using the notice-and-access regime. Accordingly, the Corporation will send the abovementioned notice package directly to Registered Shareholders and indirectly to Beneficial Shareholders. Using notice-and-access is expected to reduce the volume of materials that must be physically mailed to shareholders and reduce our impact on the environment.

The Corporation will not pay for proximate intermediaries to forward the proxy related materials and the voting instruction form to objecting beneficial owners under NI 54-101 and accordingly, objecting beneficial owners will not receive such materials unless their intermediary assumes the cost of delivery.

Notice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of the Shareholders do not hold Common Shares in their own name. Shareholders who do not hold Common Shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares (referred to herein as “**Registered Shareholders**”) can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc.), which acts as nominee for many Canadian brokerage firms. Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of securityholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a scannable “voting instruction form” in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail, phone or online. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access Broadridge’s dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and vote the Common Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting.

A Beneficial Shareholder receiving a voting instruction form from Broadridge or a form of proxy from an organization other than Broadridge cannot use it to vote Common Shares directly at the Meeting. A Beneficial Shareholder who wishes to participate online and vote at the Meeting must have themselves appointed as proxy by the Registered Shareholder by following the instructions in the voting instruction form or form of proxy. In addition, you must register yourself as your proxyholder at www.computershare.com/CESEnergy.

After the proxyholder is registered, Computershare will provide the proxyholder with an invite code for the Meeting. This invite code will allow the proxyholder to log in to the live webcast and vote at the Meeting using the Computershare virtual meeting platform. To vote during the Meeting online via webcast log in at <https://meetnow.global/MC4HMDD>, enter the invite code provided by Computershare, then click on the “Login” button.

For Beneficial Shareholders in the United States, in order to attend and vote at the virtual Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to

attend the Meeting. Follow the instructions from your broker or bank included with these proxy materials or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to Computershare, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 or via email at uslegalproxy@computershare.com.

Requests for registration must be labeled as “Legal Proxy” and be received no later than 9:00 am Mountain Daylight Time on Friday, June 17, 2022. You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Meeting and vote your shares at <https://meetnow.global/MC4HMDD> during the Meeting. In addition, you must register yourself as a proxyholder at www.compuershare.com/CESEnergy.

Beneficial Shareholders who do not have an invite code will only be able to attend as a guest which allows them to listen to the Meeting however will not be able to vote or submit questions. A Beneficial Shareholder may revoke voting instructions which have been given to an intermediary by carefully following the instructions provided by the intermediary.

If you are using an invite code to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies. However, in this case you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you DO NOT wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the Meeting as a guest. If you are eligible to vote at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

Record Date

Only Registered Shareholders of record at the close of business on May 9, 2022 (the “**Record Date**”) are entitled to notice of, and to attend and vote at, the Meeting, unless a Registered Shareholder has transferred Common Shares subsequent to that date and the transferee Registered Shareholder establishes ownership to the Common Shares and demands, not later than 10 days before the Meeting, that the transferee’s name be included on the list of shareholders entitled to vote.

Appointment and Revocation of Proxies

Registered Shareholders may vote virtually at the Meeting or they may appoint another person as their proxy to attend and vote in their place. A form of proxy (“**Form of Proxy**”) has been mailed with the Notice of Meeting and this Information Circular to all Registered Shareholders. **The persons named in the Form of Proxy are officers of the Corporation. A Registered Shareholder submitting the Form of Proxy has the right to appoint a person (who does not have to be a Shareholder) to be their representative at the Meeting, other than the persons designated in the Form of Proxy furnished by the Corporation. Such appointment may be exercised by inserting the name of the appointed representative in the blank space provided for that purpose. In addition, a Registered Shareholder must register its proxyholder at www.compuershare.com/CESEnergy.**

After such registration is complete, Computershare will provide an invite code to the appointed proxyholder. This invite code will allow the proxyholder to log in to the live webcast and vote at the Meeting using the Computershare virtual meeting platform. Without an invite code, the proxyholder will not be able to vote at the Meeting. Computershare will provide the duly appointed proxyholder with an invite code provided that the Form of Proxy has been received by Computershare prior to the deadline set out below.

Registered Shareholders that cannot attend the Meeting virtually are requested to complete, sign, date and return the accompanying Form of Proxy in the envelope provided. In any case, the Form of Proxy must be dated and executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly

authorized. In order to be effective, the completed Form of Proxy must be deposited at the office of the Corporation's registrar and transfer agent, Computershare, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, no later than 9:00 am Mountain Daylight Time on Friday, June 17, 2022.

A Registered Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends virtually at the Meeting, such person may revoke the proxy and vote virtually at the Meeting. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Registered Shareholder or his or her attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. In order to be effective, the revocation must be deposited either at the office of Computershare, as described above, at any time prior to 2:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, and upon either of such deposits the proxy is revoked.

Persons Making the Solicitation

This solicitation is made on behalf of Management of the Corporation. The costs incurred in the preparation and mailing of the Form of Proxy, Notice of Meeting and this Information Circular and the solicitation of proxies will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, or by other means of communication or by the directors, officers and employees of the Corporation, who will not be remunerated therefor.

Exercise of Discretion by Proxies

The persons designated in the enclosed Form of Proxy will, if the instructions are clear, vote the Common Shares represented by that Form of Proxy, and where a choice with respect to any matter to be acted upon has been specified in the Form of Proxy, the Common Shares represented by that Form of Proxy will be voted or withheld from voting in accordance with the specification so made. **In the absence of such specification in a Form of Proxy received by the Corporation, the Common Shares will be voted in favour of any matters for which no specification has been made.**

The persons designated in the enclosed Form of Proxy are conferred with discretionary authority with respect to amendments or variations of those matters identified in the Form of Proxy and the Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting. In the event of any amendments or variations to matters identified in the Form of Proxy and the Notice of Meeting, or with respect to any other matters which may properly be brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matters. At the time of printing this Information Circular, Management is not aware of any such amendment, variation or other matter.

Quorum

At the Meeting, a quorum shall consist of a minimum of two (2) shareholders present (virtually) or represented by proxy and representing in the aggregate not less than 5% of the outstanding Common Shares.

VOTING SHARES AND THE PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and as at May 12, 2022, 255,448,168 Common Shares were issued and outstanding. Each matter to be voted on at the Meeting will be conducted by poll or ballot with every Shareholder present or represented by proxy has one vote for each Common Share held.

To the best of the knowledge of Management and the directors of the Corporation, as at May 12, 2021, no Shareholder beneficially owned or controlled or directed, directly or indirectly, Common Shares carrying

more than 10% of the votes attached to all of the issued and outstanding Common Shares that may be voted at the Meeting, except as set forth in the table below:

Name	Number of Common Shares	Percentage of Class
EdgePoint Investment Group Inc. ⁽¹⁾	52,904,303	20.8% ⁽²⁾

Notes:

- (1) Based upon information provided from EdgePoint Investment Group Inc. and upon a Form 62-103F3 (Required Disclosure by an Eligible Institutional Investor) dated January 21, 2022 and filed on SEDAR, which may be found on the Corporation's SEDAR profile at www.sedar.com.
- (2) EdgePoint Investment Group Inc. is not considered a "Beneficial Owner" or "Acquiring Person" under the Corporation's Existing Plan and Shareholder Rights Plan (each defined below) by virtue of their status as an "Investment Manager" (as such term, together with "Beneficial Owner", is defined under the Shareholder Rights Plan), and therefore does not trigger the relevant provisions of the Shareholder Rights Plan as it relates to a take-over bid.

SHAREHOLDER PROPOSALS

The *Business Corporations Act* (Alberta) (the "**ABCA**") permits certain eligible Shareholders to submit shareholder proposals to the Corporation for inclusion in a management proxy circular for an annual meeting of shareholders. No Shareholder proposals were submitted for consideration at the upcoming Meeting. The final date by which the Corporation must receive shareholder proposals for the annual meeting of Shareholders to be held in 2023 is March 23, 2023, being the date that is at least 90 days before the anniversary of the Meeting.

APPROVAL REQUIREMENT

All of the matters to be considered at the Meeting, other than the election of directors, are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present (virtually) or represented by proxy at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Presentation of Financial Statements

The consolidated comparative financial statements of the Corporation for the year ended December 31, 2021, including the auditors' report on those financial statements, made available on the internet on the Corporation's SEDAR profile at www.sedar.com.

2. Number of Directors

At the Meeting, Shareholders will be asked to fix the number of directors to be elected at the Meeting at eight (8) members. **The persons designated in the enclosed Form of Proxy, unless otherwise instructed, intend to vote FOR of the recommendation to fix the number of directors at eight (8) persons.**

3. Election of Directors

The board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") currently consists of eight (8) directors whose terms will expire at the Meeting. At the Meeting, the Shareholders of record as at May 9, 2022 will be asked to elect eight (8) nominees to serve as directors of the Corporation until the next annual general meeting of the Shareholders or until their respective successors have been appointed or elected. **The persons designated in the enclosed Form of Proxy, unless otherwise instructed, intend to vote FOR of the election of the nominees listed herein.**

Management does not contemplate that any of the nominees will be unable to serve as a director, but should that circumstance arise for any reason it is intended that the person named as nominee in the enclosed Form of Proxy shall exercise discretionary authority to vote the Common Shares represented by proxy for the election of any other nominee or nominees as directors.

The Board of Directors adopted a Majority Voting Policy (the “**Majority Voting Policy**”) effective May 8, 2013, as subsequently amended on May 11, 2017, pursuant to which, in an uncontested election of directors, a director who receives an equal number or more “withhold” votes than “for” votes at the annual meeting of Shareholders will tender his or her resignation to the Chair of the Board of Directors, to be effective upon acceptance by the Board of the Directors. The Governance and Nominating Committee of the Board of Directors (the “**Governance and Nominating Committee**”) will expeditiously consider the director’s offer to resign and make a recommendation to the Board of Directors whether to accept it or not. The Governance and Nominating Committee will be expected to recommend acceptance of the resignation except in situations in which exceptional circumstances warrant the applicable director continuing to serve on the Board of Directors. The Board of Directors will make its decision and announce it in a news release within 90 days following the annual meeting, including the reasons for its decision. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board of Directors or the Governance and Nominating Committee at which the resignation is considered.

Shareholders should note that, as a result of the Majority Voting Policy, a “withhold” vote is effectively the same as a vote against a director nominee in an uncontested election.

The name, residence, date of appointment as a director of the Corporation or its predecessor, principal occupation and number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised and other information, with respect to each of the eight (8) nominees as directors of the Corporation, as at April 29, 2022, is set forth below:

Mr. Philip J. Scherman, FCPA, FCA, ICD.D

Calgary, Alberta, Canada

Age 71

Chairman of the Board of Directors

Director since May 14, 2015

Independent

Mr. Scherman is a Chartered Professional Accountant and currently serves on the board of Mullen Group Ltd. and The Calgary Foundation. Mr. Scherman was an engagement partner at KPMG from 1982 to 2012 for public and private energy and energy service entities. Mr. Scherman also served on the KPMG Canada Board of Directors for six years. Mr. Scherman is a member of the Canadian and Alberta Institutes of Chartered Professional Accountants and was awarded the Fellow of the Chartered Professional Accountants designation. Mr. Scherman is a graduate of the Institute of Corporate Directors (ICD) Education Program.

<u>Securities Held</u>	<u>Number</u>	<u>Value⁽¹⁾</u>
Common Shares	304,069 ⁽²⁾	\$799,701
RSUs	57,327	\$150,770
Total Equity Value at Risk		\$950,471

Committee Membership and Meeting Attendance in 2021:

Chairman of the Board of Directors ⁽³⁾	5/5
Board of Directors	7/7
Audit Committee	4/4

Mr. Spencer D. Armour, III

Midland, Texas, United States

Age 68

Director since December 12, 2018

Independent

Mr. Armour has over 30 years of executive and entrepreneurial experience in the energy services industry and is based in Midland, Texas. Mr. Armour is currently a director ProPetro Holding Corp. and serves on their Governance and Nominating Committee, a board member of Viper Energy Partners, LP since 2017 and also serves as partner at Geneses Investments LLC. He served as President of PT Petroleum LLC from 2013 to 2018, and he was the Vice President of Corporate Development for Basic Energy Services, Inc. from 2007 to 2008, which acquired Sledge Drilling Corp., a company Mr. Armour cofounded and served as Chief Executive Officer for from 2005 to 2006. From 1998 through 2005, he served as Executive Vice President of Patterson-UTI Energy, Inc., which acquired Lone Star Mud, Inc., a company Mr. Armour founded and served as President for from 1986 to 1997. He also served on the Patterson-UTI Board of Directors from 1999 through 2001. Mr. Armour received a B.S. in Economics from the University of Houston in 1977 and was appointed to the University of Houston System Board of Regents for a six year term in 2011 by former Texas Governor, Rick Perry.

<u>Securities Held</u>	<u>Number</u>	<u>Value⁽¹⁾</u>
Common Shares	201,820	\$530,787
RSUs	57,327	\$150,770
Total Equity Value at Risk		\$681,556

Committee Membership and Meeting Attendance in 2021:

Board of Directors	7/7
Audit Committee	4/4
Compensation, Governance and Nominating Committee ⁽⁴⁾	6/6
Health, Safety & Environment Committee	4/4

**Ms. Stella Cosby,
ICD.D**

Calgary, Alberta,
Canada

Age 64

Director since
September 14, 2017

Independent

Ms. Cosby is a corporate director who brings 30 years human resources, business, and industry diversification to the board. Ms. Cosby retired from her executive leadership role as Vice President, People (Human Resources & Safety) for Cervus Equipment Corporation, a position she held from July 1, 2014. Ms. Cosby was a Senior Director with Agrium Inc. from 2002 to 2014 where she held a variety of senior leadership roles in Human Resources, Organizational Development and Total Rewards. Prior to joining Agrium Inc., Ms. Cosby was Vice President, Human Resources for Manulife Financial, and has held senior roles with Canadian Pacific Railway and NOVA Corporation. Ms. Cosby also served as a director and member of the Human Resources & Compensation Committee, Governance & Nominating Committee and Health, Safety & Environment Committee of Savanna Energy Services from 2014 to 2017. Ms. Cosby holds the ICD.D designation granted from the Institute of Corporate Directors and the ESG Global Competent Board Director (GCB.D) designation. Ms. Cosby holds a Bachelor of Arts in Sociology from Western University and a Master of Arts in Organization Systems Renewal from Antioch University.

<u>Securities Held</u>	<u>Number</u>	<u>Value⁽¹⁾</u>
Common Shares	234,332	\$616,293
RSUs	57,237	\$150,770
Total Equity Value at Risk		\$767,063

Committee Membership and Meeting Attendance in 2021:

Board of Directors	7/7
Compensation, Governance and Nominating Committee ⁽⁴⁾	5/6
Health, Safety & Environment Committee (Chair)	4/4

Mr. John M. Hooks

Calgary, Alberta,
Canada

Age 63

Director since December
9, 2005

Independent

Mr. Hooks has been the Chief Executive Officer, and formerly President, of PHX Energy Services Corp. and its predecessor, Phoenix Technology Services Inc., since 1995, and has been chairman of its board of directors since 2000. Mr. Hooks currently serves on the board of directors of Crew Energy Inc. and was on the board of directors of Savanna Energy Services from 2005 until 2017.

<u>Securities Held</u>	<u>Number</u>	<u>Value⁽²⁾</u>
Common Shares	1,401,130	\$3,684,972
RSUs	57,327	\$150,770
Total Equity Value at Risk		\$1,906,821

Committee Membership and Meeting Attendance in 2021:

Board of Directors	7/7
Compensation and Governance Committee (Chair)	6/6

Mr. Ian Hardacre
 Toronto, Ontario,
 Canada
 Age 56
 Director since January
 13, 2022
 Independent

Mr. Hardacre is an experienced institutional investor with over 25 years of experience in portfolio management and investment leadership and is based in Toronto, Ontario. Mr. Hardacre was most recently the Chief Investment Officer and Senior Vice President at Empire Life Investment Management Inc. Prior to this role he spent approximately 20 years at Invesco Canada where he had progressive roles culminating in 2016 as Co-Chief Investment Officer and Head of Canadian Equities. He began his investment career at Ontario Teachers' Pension Plan in 1995. Mr. Hardacre holds a Chartered Financial Analyst designation and earned a Master of Business Administration degree from the DeGroote School of Business at McMaster University.

Securities Held	Number	Value⁽¹⁾
Common Shares	54,291	\$142,785
RSUs	57,173	\$150,365
Total Equity Value at Risk		\$293,150

Mr. Kyle D. Kitagawa,
CPA
 Calgary, Alberta,
 Canada
 Age 61
 Director since
 December 9, 2005
 Independent

Mr. Kitagawa is an independent businessman and has been a corporate director since March 2003. Mr. Kitagawa currently is Managing Director of North River Capital Corp. Prior thereto, Mr. Kitagawa was the President and Chief Executive Officer of Enron Canada Corp. Mr. Kitagawa has previously sat on the board of directors for Advanced Mobile Power Systems, LLC, Esprit Exploration Ltd., Ferus Trust, Independent Energy Ltd., Invasion Energy Inc., Livingston Energy Ltd., Papier Masson Ltee., ProspEx Resources Ltd., Wave Energy Ltd., Coral Hill Energy Ltd. and Zargon Oil & Gas Ltd. He holds a Master of Business Administration degree from Queen's University, a Bachelor of Commerce from the University of Calgary and is a Chartered Professional Accountant.

Securities Held	Number	Value⁽¹⁾
Common Shares	1,697,451 ⁽⁴⁾	\$4,464,296
RSUs	57,327	\$150,770
Total Equity Value at Risk		\$4,615,066

Committee Membership and Meeting Attendance in 2021:

Chairman of Board of Directors ⁽³⁾	2/2
Board of Directors	7/7
Audit Committee (Chair)	4/4
Compensation, Governance and Nominating Committee ⁽⁴⁾	6/6

Mr. Joseph Wright
 Midland, Texas, United States
 Age 62
 Director since January 13, 2022
 Independent

Mr. Wright has over 25 years of executive and entrepreneurial experience in the energy industry and is based in Midland, Texas. Mr. Wright retired from Concho Resources Inc. (“**Concho**”), an independent exploration and production company engaged in the acquisition, development and exploration of oil and natural gas properties, in January 2019, where he most recently served as Executive Vice President and Chief Operating Officer and was on the Board of Directors. Since joining Concho from its formation in 2004, Mr. Wright held a variety of leadership positions, and oversaw Concho’s drilling and completion programs, as well as its government, regulatory affairs and human resources functions. Mr. Wright has also worked in several operations, engineering and capital markets positions at Mewbourne Oil Company. He holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M University

Securities Held	Number	Value⁽¹⁾
Common Shares	0	\$0
RSUs	57,173	\$150,365
Total Equity Value at Risk		\$150,365

Mr. Kenneth E. Zinger
 Calgary, Alberta, Canada
 Age 55
 Director since December 9, 2005
 Non-Independent

Mr. Zinger has over 37 years of industry experience and currently serves as President and Chief Executive Officer of the Corporation since October 29, 2021. Prior thereto he served in several senior leadership and executive roles with the Corporation, including most recently as Chief Operating Officer and President of Canadian Operations. Before co-founding CES, Mr. Zinger was President and co-founder of Impact Fluid Systems from 2001 to 2006, which combined with Canadian Fluid Systems Ltd. to form Canadian Energy Services LP, the predecessor to the Corporation.

Securities Held	Number	Value⁽¹⁾
Common Shares	1,514,069 ⁽⁶⁾	\$3,982,001
RSUs	1,473,509	\$3,875,329
Total Equity Value at Risk		\$7,857,300

Committee Membership and Meeting Attendance in 2021:

Board of Directors ⁽⁷⁾	1/1
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Notes:

- (1) All values in this table have been determined based on the closing price of the Common Shares on the Toronto Stock Exchange (“**TSX**”) as at April 29, 2022 being \$2.63 per Common Share.
- (2) Includes 5,000 Common Shares held by Mr. Scherman’s spouse.
- (3) Effective June 22, 2021, Mr. Scherman assumed the role of Chairman of the Board from Mr. Kitagawa, who became Chair of the Audit Committee.
- (4) Effective March 10, 2022, the Compensation, Governance and Nominating Committee was split to form the Compensation Committee and the Governance and Nominating Committee.
- (5) Includes 974,400 Common Shares held by a family trust, which is neither controlled nor directed by Mr. Kitagawa, but for which Mr. Kitagawa acts as a trustee.
- (6) Includes: (a) 105,768 Common Shares held by Mr. Zinger’s spouse; and (b) 512,800 Common Shares held by a corporation controlled by Mr. Zinger. The Corporation was advised by Mr. Zinger that, following an audit of Mr. Zinger’s holdings, it was determined that the total Common Shares held by Mr. Zinger was inconsistent with the disclosure of his holdings in the System for Electronic Disclosure by Insiders (“**SEDI**”), which overstated the number of Common Shares held by 668,781 in aggregate. On May 11, 2022, Mr. Zinger filed a correction in SEDI to correct the error. The number of Common Shares held by Mr. Zinger and reflected in this Information Circular is consistent with the corrected SEDI filing.
- (7) Mr. Zinger was appointed as Director of the Corporation on October 29, 2021 and the Corporation held one Board of Directors meeting following his appointment.

Cease Trade Orders or Bankruptcies

Except as set forth below, no proposed director is as at the date hereof, or has been within the last ten (10) years of the date hereof, a director or executive officer of any company (including the Corporation) that, while he was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the company being the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) 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.

Mr. Kitagawa was a director and Chairman of the Board of Zargon Oil & Gas Ltd. (“**Zargon**”), a publicly traded oil and gas producer traded on the TSX. Mr. Kitagawa resigned as director and Chairman of the Board on September 4, 2020. Subsequently, on September 8, 2020, Zargon submitted a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* and appointed MNP Ltd. as Zargon’s trustee. On November 13, 2020 a consolidation order was granted and a Proposal was filed, which was subsequently approved by the shareholders of Zargon and by the Alberta Court of Queen’s Bench on January 6, 2021. The Proposal contemplated the reorganization of Zargon’s share capital to allow Blue Sky Resources Ltd. to become the sole shareholder of Zargon (“**Zargon Reorganization**”). The securities regulators in the Provinces of Alberta and Ontario issued cease trade orders in relation to the securities of Zargon for the failure of Zargon to file financial statements and related management’s discussion and analysis. On January 29, 2021 the Alberta and Ontario securities regulators partially revoked the cease trade orders to permit the Zargon Reorganization, however the general cease trade orders continue to be in effect. Zargon’s common shares continue to be suspended from trading on the TSX.

Mr. Scherman was a director of Parallel Energy Inc., the administrator of Parallel Energy Trust (collectively, “**Parallel**”), a Calgary based oil and gas producer. On November 9, 2015, Parallel filed an application for protection under the *Companies’ Creditors Arrangement Act* and voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. In the Chapter 11 proceedings, the U.S. Bankruptcy Court approved the sale of the assets of Parallel and the sale closed on January 28, 2016. Mr. Scherman resigned from the board of directors of Parallel on March 1, 2016, and subsequently, the Canadian entities of Parallel filed for bankruptcy under the *Bankruptcy and Insolvency Act* on March 3, 2016, which proceedings have subsequently been concluded. In November, 2015, the securities regulators in the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick issued cease trade orders in relation to the securities of Parallel for the failure of Parallel to file financial statements and related management’s discussion and analysis, which cease trade orders continue to be in effect. Parallel’s trust units and debentures were delisted from the TSX on December 11, 2015.

No proposed director has, within the last ten (10) years of the date hereof, 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 proposed director.

In addition, no proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

4. Approval of Amended and Restated Shareholder Rights Plan

The Board of Directors adopted an amended and restated shareholder rights plan, which was originally approved at the meeting of Shareholders held on June 10, 2019 (the “**Existing Plan**”). The Board of

Directors has adopted an amended and restated shareholder rights plan in substantially the same form as the Existing Plan, which must be reconfirmed and approved by an ordinary resolution of the Shareholders at the Meeting in order to be effective (the “**Shareholder Rights Plan**”). In addition, the effectiveness of the Shareholder Rights Plan is subject to the approval of the TSX.

If the Shareholder Rights Plan becomes effective, it will have an initial term that would expire at the annual meeting of Shareholders to be held in 2025 unless terminated earlier. The Shareholder Rights Plan may be extended for an additional three years after 2025 by resolution of Shareholders at such meeting.

Objectives

On May 9, 2016, amendments became effective to Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* and National Policy 62-203 – *Take-Over Bids and Issuer Bids*, which included an extension of the minimum bid period from 35 days to 105 days except in certain circumstances (the “**Amendments**”). The Existing Plan incorporated the Amendments to align with the new timelines, while providing additional protections not available under the current take-over bid including the protection against “creeping bids” (being the acquisition of 20% or more of the Common Shares through purchases exempt from existing take-over bid rules including purchases of Common Shares from Shareholders through private agreements at a premium to the market price not available to all Shareholders; acquiring control through the slow accumulation of Common Shares through a stock exchange without paying a control premium; or through other transactions outside of Canada which are not subject to Canadian take-over bid rules); requiring the bid to be made to all Shareholders; and preventing a potential acquirer from entering into lock-up agreements with existing Shareholders prior to launching a take-over bid, except for permitted lock-up agreements as provided for under the Shareholder Rights Plan.

The general objectives of the Shareholder Rights Plan is to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire Common Shares. Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it would be difficult for the Board of Directors to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in the Corporation. The Shareholder Rights Plan discourages the making of any such offers by creating the potential of significant dilution to any offeror who does so. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors. An offeror can avoid the potential of significant dilution by making an offer that either: (i) qualifies as a “permitted bid” under the Shareholder Rights Plan, and therefore meets certain specified conditions (including a minimum deposit period of 105 days) which aim to ensure that all Shareholders are treated fairly and equally; or (ii) does not qualify as a “permitted bid” but is negotiated with the Corporation and has been exempted by the Board of Directors from the application of the Shareholder Rights Plan in light of the opportunity to bargain for agreed terms and conditions to the offer that are believed to be in the best interests of Shareholders.

To qualify as a “permitted bid” under the Shareholder Rights Plan, a take-over bid must remain open for acceptance for not less than 105 days (which mirrors the approach set forth in the Amendments). The Board of Directors believe that this period of time is sufficient for the Board of Directors to: (i) evaluate a take-over bid (particularly if the consideration consists, wholly or in part, of shares of another issuer); (ii) explore, develop and pursue alternative transactions that could better maximize shareholder value, if considered appropriate; and (iii) make reasoned recommendations to the Shareholders. The Board of Directors believe that take-over bids, including “creeping-bids” and other arrangements not covered under existing take-over bid rules, should be subject to the 105 day offer period to ensure that there is sufficient opportunity to assess the merits of the offer and identify other possible suitors or alternative transactions, if considered appropriate, and by providing other bidders or proponents of alternative transactions with time to come forward with competing, and potentially superior, proposals.

The Shareholder Rights Plan is not being proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition or take-over bid that is known to Management. The adoption of the Shareholder Rights Plan is also not intended as a means to prevent a take-over of the Corporation, to secure the continuance of management or the directors in their respective offices or to deter fair offers for the Common Shares.

Terms

The following is a summary of the provisions of the Shareholder Rights Plan. The summary is qualified in its entirety by the full text of the Shareholder Rights Plan which is available on the internet on the Corporation's SEDAR profile at www.sedar.com. All capitalized terms used in this summary without definition have the meanings attributed to them in the Shareholder Rights Plan unless otherwise indicated.

Issuance of Rights

The Shareholder Rights Plan authorizes the issue, on June 21, 2022 (the "**Effective Date**"), of one Right in respect of each Common Share outstanding on the Effective Date and the issue of one Right for each Common Share issued after such date and prior to the earlier of the Separation Time and the Expiration Time. Each Right entitles the registered holder thereof to purchase from the Corporation one Common Share at the Exercise Price. The Exercise Price and number of Common Shares are subject to adjustment. The Rights are not exercisable until the Separation Time.

Certificates and Transferability

Prior to the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate. Certificates issued after the Effective Date, but prior to the earlier of the Separation Time and the Expiration Time, will bear a legend to this effect. Rights are also attached to Common Shares outstanding on the Effective Date, although share certificates issued as at that date will not bear such a legend.

Prior to the Separation Time, Rights will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Common Shares.

Separation Time and Rights Exercise Privilege

The Rights will separate from the Common Shares to which they are attached and will become exercisable at the Separation Time. The Separation Time is the close of business on the eighth Trading Day after the earlier of: (i) the Stock Acquisition Date; (ii) the date of the commencement of or first public announcement of the intent of any person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid), or such later time as may be determined by the Board of Directors, provided that, if any Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed never to have been made; and (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such.

Subject to adjustment as provided in the Shareholder Rights Plan, each Right entitles the holder to purchase, after the Separation Time, one Common Share for an exercise price (the "**Exercise Price**") equal to \$100.00.

The acquisition by any person (an "**Acquiring Person**") of 20% or more of the Common Shares, other than by way of a Permitted Bid or in certain other circumstances set out below, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event.

If a Flip-in Event shall occur, at the close of business on the eighth business day after the Stock Acquisition Date, the Rights (other than those held by the Acquiring Person) will entitle the holder to purchase Common

Shares having an aggregate market price equal to twice the Exercise Price for an amount in cash equal to the Exercise Price.

Impact Once Shareholder Rights Plan is Triggered

The issue of Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Common Shares, reported earnings per Common Share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

By permitting holders of Rights other than an Acquiring Person to acquire Common Shares at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the voting securities of the Corporation other than by way of a Permitted Bid or in certain other circumstances set out below.

Acquiring Person

An Acquiring Person is a person that beneficially owns 20% or more of the outstanding Common Shares. An Acquiring Person does not, however, include the Corporation or any Subsidiary of the Corporation, or any person that becomes the Beneficial Owner of 20% or more of the Common Shares as a result of certain exempt transactions. These exempt transactions include where any person becomes the Beneficial Owner of 20% or more of the Common Shares as a result of, among other things: (i) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid, (ii) transactions to which the application of the Shareholder Rights Plan has been waived by the Board of Directors, (iii) pursuant to transactions that are subject to the approval of the Shareholders, and (iv) certain purchases of securities issued by prospectus or private placement.

Permitted Lock-Up Agreements

A bidder may enter into lock-up agreements (a “**Lock-Up Agreement**”) with Shareholders (a “**Locked-Up Person**”) whereby such Shareholders agree to tender their Common Shares to the take-over bid (the “**Lock-Up Bid**”) without a Flip-in Event (as referred to above) occurring. Any such agreement must permit the Locked-Up Person to withdraw their Common Shares from the lock-up to tender to another take-over bid or support another transaction that will provide greater value to the Locked-Up Person than the Lock-Up Bid where the greater value offered exceeds by as much or more than a specified amount (the “**Specified Amount**”) the value offered under the Lock-Up Bid, provided the Specified Amount is greater than 7% of the value offered under the Lock-Up Bid. A Lock-Up Agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give an offeror an opportunity to match a higher price in another transaction as long as the Locked-Up Person can accept another bid or tender to another transaction.

The Lock-Up Agreement must be made available to the Corporation and to the public, and under the Lock-Up Agreement no “break up” fees, “top up” fees, penalties, expense reimbursement or other amounts that exceed in aggregate the greater of: (i) 2.5% of the value payable under the Lock-up Bid to the Locked-up Person; and (ii) 50% of the amount by which the value received by a Locked-Up Person under another take-over bid or transaction exceeds what such Locked-Up Person would have received under the Lock-up Bid; can be payable by such Locked-Up Person if the Locked-Up Person fails to deposit or tender their Common Shares to the Lock-Up Bid or withdraws such shares previously tendered thereto in order to deposit such shares to another take-over bid or to support another transaction.

Permitted Bids and Competing Permitted Bids

The Shareholder Rights Plan is not triggered if an offer (a “**Permitted Bid**”) would allow sufficient time for the Shareholders to consider and react to the offer and would allow Shareholders to decide to tender or not tender without the concern that they will be left with illiquid Common Shares should they not tender.

The requirements for a Permitted Bid include the following: (a) the Take-Over Bid must be made by way of a takeover bid circular; (b) the Take-Over Bid must be made to all holders of Common Shares; (c) the Take-Over Bid must be outstanding for a minimum period of 105 days and Common Shares tendered pursuant to the takeover bid may not be taken up prior to the expiry of the 105 day period and only if at such time more than 50% of the Common Shares held by Shareholders, other than the bidder, its affiliates and persons acting jointly or in concert and certain other persons (the “**Independent Shareholders**”), have been tendered to the take-over bid and not withdrawn; and (d) if more than 50% of the Common Shares held by Independent Shareholders are tendered to the take-over bid within the 105 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional 10 business days from the date of such public announcement.

The Shareholder Rights Plan allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the 105th day after which the earliest Permitted Bid which preceded the Competing Bid was made, subject to the requirement that it be outstanding for a minimum period of 35 days.

Acquisitions of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

Waiver and Redemption

The Board of Directors, acting in good faith, may, prior to the occurrence of a Flip-In Event, waive the application of the Shareholder Rights Plan to a Flip-In Event that would result from a Take-Over Bid made by way of take-over bid circular to all Shareholders. In such case, the Board of Directors shall be deemed to also have waived the application of the Shareholder Rights Plan to any other Flip-In Event occurring as a result of any other Take-Over Bid made by way of take-over bid circular to all Shareholders prior to the expiry of the Take-Over Bid for which the Shareholder Rights Plan has been waived or deemed to have been waived.

Until the occurrence of a Flip-in Event, the Board of Directors may, with the approval of Shareholders (or with the approval of holders of Rights if the Separation Time has occurred), elect to redeem all but not less than all of the then outstanding Rights at \$0.001 per Right. In the event that a person acquires Common Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the Board of Directors has waived the application of the Shareholder Rights Plan, then the Board of Directors shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

Amendment

The Board of Directors may amend the Shareholder Rights Plan with the approval of a majority vote of the votes cast by Shareholders (of the holders of Rights if the Separation Time has occurred) voting in person and by proxy at a meeting duly called for that purpose. The Board of Directors without such approval may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the Shareholders (or holders of Rights, as the case may be), may make amendments to the Shareholder Rights Plan to maintain its validity due to changes in applicable legislation.

Resolution Re-Approving Shareholder Rights Plan as Amended and Restated

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, approve the following resolution to ratify and approve the Shareholder Rights Plan (as amended and restated):

“BE IT RESOLVED THAT:

1. The shareholder rights plan agreement dated June 21, 2022 between the Corporation and Computershare Trust Company of Canada, as described in the management information circular of the

Corporation dated as of May 12, 2022, amending and restating the shareholder rights plan agreement dated as of June 10, 2019, is confirmed, ratified and approved.

2. Any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **The persons named in the enclosed proxy form, if named as proxyholder, intend to vote FOR the resolution approving the Shareholder Rights Plan. The Board of Directors recommend that you vote FOR the resolution approving the Shareholder Rights Plan.**

5. Appointment of Auditor

Deloitte LLP, Chartered Accountants (“**Deloitte**”) are the current auditors of the Corporation. Deloitte was first appointed as auditors of the Corporation on January 13, 2006. At the Meeting, Shareholders will be requested to re-appoint Deloitte as the independent auditors of the Corporation to hold office until the next annual general meeting of the Shareholders and to authorize the Board of Directors to fix the auditors’ remuneration.

Certain information regarding the audit committee of the Board of Directors (the “**Audit Committee**”), including the fees billed by the Corporation’s external auditors during the fiscal periods ended December 31, 2020 and December 31, 2021, which are required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), is contained in Schedule “A” of the Corporation’s Annual Information Form for the year ended December 31, 2021 dated March 10, 2022. The Corporation’s Annual Information Form is available on the internet on the Corporation’s SEDAR profile at www.sedar.com.

The persons designated in the enclosed Form of Proxy, unless otherwise directed, intend to vote FOR of the appointment of the firm of Deloitte LLP of Calgary, Alberta, as auditors of the Corporation to hold office until the next annual general meeting of the Shareholders and to authorize the Board of Directors to fix their remuneration.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

General

The Board of Directors is responsible for the governance of the Corporation, considers good corporate governance to be central to the effective operation of the Corporation and is committed to maintaining a high standard of corporate governance. The Corporation’s governance practices (the “**Governance Guidelines**”) are consistent with, and in many cases exceed the governance guidelines set forth in National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”) and the audit committee rules set forth in NI 52-110 – *Audit Committees* (“**NI 52-110**”), each of which has been adopted by Canadian securities regulatory authorities. The disclosure set forth herein is responsive to and complies in full with the disclosure requirements set forth in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), Form 58-101F1 – *Corporate Governance Disclosure*, and the disclosure requirements as set out in the *Business Corporations Act* (Alberta) and its respective regulations.

Corporate Governance and Nominating Committee

The Board of Directors established a Governance and Nominating Committee (the “**Governance and Nominating Committee**”) and its Charter and has delegated to it responsibility for assisting the Board of Directors in fulfilling its responsibilities relating to matters of human resources (as it relates to governance

and nomination to certain management and Board of Directors positions), establishing a plan of continuity and development for senior management of the Corporation, maintaining and enhancing the Corporation's corporate governance practices and identifying and recommending qualified individuals for nomination for election to the Board of Directors and for appointment to senior management positions, including the Chief Executive Officer position. The Charter provides that the governance responsibilities of the Governance and Nominating Committee include, but are not limited to, assisting the Board of Directors in:

- (a) evaluating, developing and recommending the process and structure by which the Board of Directors, Management and committees of the Corporation are held accountable to the Shareholders and other stakeholders of the Corporation;
- (b) establishing and reviewing the appropriate skills, composition and characteristics (including independence) of the Board of Directors;
- (c) reviewing the composition of, and succession planning in respect of, the directors on the Board of Directors;
- (d) evaluating, identifying and recommending nominees for election or re-election to the Board of Directors;
- (e) evaluating, identifying and recommending individuals for the Chief Executive Officer position;
- (f) succession planning for the Chief Executive Officer position and other senior management positions in the Corporation;
- (g) monitoring, reviewing and making recommendations regarding the orientation, education and development of the Board of Directors;
- (h) recommending directors to serve as members and Chairs of the Corporation's committees;
- (i) reviewing and recommending changes to the Governance Guidelines, Terms of Reference (as defined below) and other approvals, policies and procedures of the Board of Directors;
- (j) reviewing and recommending changes to the respective charters of the Corporation's committees;
- (k) establishing procedures for the engagement of separate independent counsel by each committee and director;
- (l) reviewing the Corporation's annual disclosure documents that contain significant information relating to matters within the Governance and Nominating Committee's mandate;
- (m) reviewing and evaluating the Charter and the Governance and Nominating Committee's efficacy;
- (n) oversight of risk management activities, including monitoring and reviewing the Corporation's risk management policies and procedures for key risks to the Corporation's business and operations; and
- (o) providing oversight of corporate governance related matters.

The Board of Directors and the Corporation have devoted significant attention and resources to reviewing the Corporation's corporate governance practices and ensuring that the Corporation's system of corporate governance continually meets or exceeds applicable legal requirements. Of particular note, the Board of Directors adopted its Code of Business Conduct (the "**Code**"), as well as a number of policies including: a clawback policy; an insider trading policy; a disclosure and media policy; a whistleblower policy, an anti-bribery and corruption policy, and a board and management diversity policy. These policies, together with the Board of Directors' Terms of Reference, have been put in place to assist the Corporation in maintaining

a high standard of corporate governance. With input from the relevant committees, the Board of Directors also created charters for the Corporation's committees. A copy of the Code is available on the Corporation's website and on the Corporation's SEDAR profile at www.sedar.com. Copies of each of the insider trading policy, disclosure and media policy, anti-corruption and bribery policy, board and management diversity policy and the Terms of Reference are available on the Corporation's website.

Further information regarding the compensation related activities of the Compensation and Governance Committee is provided in the "*Executive Compensation*" section of this Information Circular.

Set out below is a description of certain corporate governance practices of the Corporation as required by NI 58-101.

Other Board Committees

Prior to March 10, 2022, the Board of Directors had a Compensation, Governance and Nominating Committee (the "**Compensation, Governance and Nominating Committee**"), whose primary responsibility was to assist the Board of Directors in oversight and monitoring of both: (a) compensation related matters as outlined under the heading "*Compensation Committee*" on page 34, and (b) governance and nominating related matters as outlined under the heading "*Corporate Governance and Nominating Committee*" above. The Compensation, Governance and Nominating Committee was comprised of four (4) independent directors, being Messrs. Hooks (Chair), Armour (III), Kitagawa, and Ms. Cosby. Effective March 10, 2022, the Board of Directors split the Compensation, Governance and Nominating Committee into two committees, being the Compensation Committee and the Governance and Nominating Committee, with the Compensation Committee being comprised of Messrs. Hooks (Chair), Armour (III), and Kitagawa, and the Governance and Nominating Committee being comprised of Ms. Cosby (Chair) and Messrs. Armour (III) and Hooks.

The Board of Directors has an Audit Committee comprised of four (4) independent directors, being Messrs. Kitagawa (Chair), Scherman, Hardacre, and Wright. Certain information regarding the Audit Committee that is required to be disclosed in accordance with NI 52-110 is contained in Schedule "A" in the Corporation's Annual Information Form for the year ended December 31, 2021. The Corporation's Annual Information Form is available on the internet on the Corporation's SEDAR profile at www.sedar.com.

In addition, the Board of Directors has a Health, Safety and Environment Committee (the "**HS&E Committee**") currently comprised of three (3) independent directors, being Messrs. Wright (Chair), Hardacre and Ms. Cosby. The primary function of the HS&E Committee is to assist the Board of Directors in fulfilling its oversight in respect of the development, implementation and monitoring of the Corporation's health, safety and environmental ("**HSE**") policies, as well as providing input to the Compensation Committee with respect to compensation matters relating to HSE metrics.

A description and the full text of the charter's for each of the Audit Committee, Compensation Committee, Governance and Nominating Committee, and HS&E Committee, which outline the role and responsibility for each Committee can be found on the Corporation's website at: <https://www.cesenergysolutions.com/investor-relations/governance/>.

Board of Directors

NP 58-201 recommends that boards of directors be composed of a majority of independent directors and that the chair of a board of directors be an independent director¹. The Board of Directors of the Corporation is currently comprised of eight (8) directors, seven (7) of whom are independent for the purpose of NI 58-

¹ NI 58 101 states that a director is considered "independent" if he or she has no direct or indirect "material relationship" with the issuer. The definition of "material relationship" includes a relationship that could "in the view of the issuer's Board, be reasonably expected to interfere with the exercise of a member's independent judgment". The Board has completed an assessment of director independence. The assessment included a review of directors' responses to a questionnaire in which each director was required to review and respond to all of the components of the definition of "independent" under NI 58 101 and to disclose any and all current or prior relationships between the director and the Corporation

101 and NI 52-110. The one (1) non-independent director is Mr. Kenneth E. Zinger, the President and Chief Executive Officer of the Corporation. The other seven (7) directors, including the Chairman of the Board of Directors, Mr. Philip J. Scherman, are all independent. Following the Meeting, the Board of Directors is expected to be comprised of eight (8) directors, seven (7) of whom are independent.

In determining that each director other than Mr. Zinger is independent, the Board of Directors affirmatively determined that each such director has no material relationship with the Corporation that would be reasonably expected to interfere with the exercise of such members' independent judgment, either directly or as a partner, securityholder or officer of an organization that has a relationship with the Corporation. The Board of Directors also determined that each such director has not received any consulting, advisory, or other compensatory fee from the Corporation except in the capacity of a member of the Board of Directors or a committee of the Board of Directors. The table below lists the members of the Board of Directors, their year of appointment and their respective committee memberships as at the date of this Information Circular.

	Year Appointed	Committees			
		Audit	Compensation	Health, Safety and Environment	Governance and Nominating
Independent Board Members					
Philip J. Scherman (Chair of the Board)	2015	✓			
Spencer D. Armour III	2018		✓		✓
Stella Cosby	2017			✓	Chair
Ian Hardacre	2022	✓		✓	
John M. Hooks	2005		Chair		✓
Kyle D. Kitagawa	2005	Chair	✓		
Joseph Wright	2022	✓		Chair	
Non-Independent - Management					
Kenneth E. Zinger	2021				

The Board of Directors currently considers eight (8) directors to be appropriate for the size and present stage of development of the Corporation, and sufficient to provide an appropriate mix of background and skills.

The Corporation and the Board of Directors recognize the significant commitment involved in being a member of the Board of Directors. Accordingly, the Corporation's Governance Guidelines require every director to immediately notify the Board of Directors of all potential conflicts of interest. Subsequent to such notification, the Board of Directors or the President and Chief Executive Officer of the Corporation will be responsible for evaluating the potential conflict and will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Corporation. In addition, a director whose principal occupation or professional position materially changes must promptly advise the Chairman of the Board of Directors. Upon such a significant change in a director's principal occupation or upon a director assuming any significant outside commitments, the Governance and Nominating Committee is responsible for reviewing, in light of the Board of Directors' current policies and the Corporation's Governance Guidelines and policies, whether that director should continue as a member of the Board of Directors. If the Governance and Nominating Committee determines that such a director should no longer serve as a member of the Board of Directors, then upon receiving a resignation request from the Chairman, that director would be expected to tender his or her resignation to the Board of Directors for consideration.

Certain directors currently serve on the boards of directors of other reporting issuers in Canada (or the equivalent in a foreign jurisdiction) as listed below.

Director	Public Company Board Membership	Stock Exchange
PHILIP J. SCHERMAN	Mullen Group Ltd.	TSX
SPENCER D. ARMOUR III	ProPetro Holding Corp. Viper Energy Partners LP	NYSE NASDAQ
STELLA COSBY	None	N/A
IAN HARDACRE	None	N/A
JOHN M. HOOKS	PHX Energy Services Corp. Crew Energy Inc.	TSX TSX
KYLE D. KITAGAWA	None	N/A
JOSEPH WRIGHT	Oil States International	NYSE
KENNETH E. ZINGER	None	N/A

Other Board Memberships and Interlocks

The Governance and Nominating Committee considers it to be good governance to avoid interlocking relationships on the boards of other reporting issuers and on the Corporation's committees. No Board members sit on the same board of directors of any outside reporting issuer.

Meeting Attendance

The Corporation's Governance Guidelines provide that any director may, at any time, request that a meeting of the Board of Directors or any committee of the Board of Directors be held without representatives of Management and without non-independent directors present or that all or some representatives of Management absent themselves from any particular portion of any meeting of the Board of Directors or committee of the Board of Directors. In addition, the Board of Directors generally schedules time at the end of each meeting to meet without the President and Chief Executive Officer, other Management and non-independent directors. This is intended to ensure that adequate structures and processes are in place to permit the Board of Directors to function independently of Management. For the period from January 1, 2021 to December 31, 2021, the Board of Directors held seven (7) in-camera sessions. In addition, the Audit Committee has held four (4) in-camera sessions, the Compensation, Governance and Nominating Committee have held six (6) in-camera sessions, and the HS&E Committee (as defined below) have held four (4) in-camera sessions, without the presence of members of Management and the non-independent directors. During 2021, the Board of Directors and its committees held the following number of meetings:

Director	Board	Audit	Compensation, Governance and Nominating	Health, Safety and Environment
Philip J. Scherman	7/7 (100%)	4/4 (100%)	-	-
Spencer D. Armour III	7/7 (100%)	4/4 (100%)	6/6 (100%)	4/4 (100%)
Stella Cosby	7/7 (100%)	-	5/6 (83%)	4/4 (100%)
Ian Hardacre ⁽¹⁾	N/A	-	-	-
John M. Hooks	7/7 (100%)	-	6/6 (100%)	-
Kyle D. Kitagawa	7/7 (100%)	4/4 (100%)	6/6 (100%)	-
Joseph Wright ⁽¹⁾	N/A	-	-	-
Kenneth E. Zinger ⁽²⁾	1/1 (100%)	-	-	-

Notes:

- (1) Messrs. Hardacre and Wright were appointed to the Board effective January 13, 2022 and therefore were not present for any Board or Committee meeting in 2021.
- (2) Mr. Zinger was appointed to the Board effective October 31, 2021 and the Board of Directors held one (1) meeting in 2021 following Mr. Zinger's appointment.

In addition to the formal Board and Committee meetings listed above, the Board also participates in an additional eight (8) monthly calls with members of Management and senior employees of the Corporation to receive regular updates on the operations and financial position of the Corporation.

Board Mandate

The Board of Directors' primary responsibility is the stewardship of the Corporation and the Board of Directors' fundamental objectives are to enhance and preserve long-term Shareholder value and to ensure that the Corporation meets its obligations on an ongoing basis and operates in a reliable and safe manner. In broad terms, the stewardship of the Corporation involves the Board of Directors in strategic planning, risk management and mitigation, senior management determination, financial reports and internal control integrity. The Board of Directors discharges these responsibilities directly and through delegation of specific responsibilities to the committees of the Board of Directors and Management.

The Board of Directors' mandate, the Terms of Reference, is attached as Appendix "A" to this Information Circular (the "**Terms of Reference**").

Strategic Planning

The Board oversees the development, execution and fulfillment of the Corporation's strategic goals. This responsibility includes a strategic planning process whereby one Board meeting per year is specifically set aside for a substantial strategic planning session in which the Board reviews and discusses the strategic plan developed by Management. Subsequent to the Board's annual strategy meeting, the Board reviews on a regular basis the implementation of the strategic plan and monitors the Corporation's performance against the plan.

Position Descriptions

The Board of Directors has implemented position descriptions for the CEO, Chair of the Board of Directors and the Chair of each committee of the Board of Directors.

The Chairman of the Board is generally responsible for delineating the role and responsibilities of each of the members of the Board of Directors and, in consultation with each of the Chairs of the committees of the Board of Directors, ensures that appropriate resources and attention are allocated to each committee of the Board to ensure that the Board functions in an efficient and effective manner.

The Board of Directors believes in a management team of the highest calibre and delegates specific duties and responsibilities to the committees of the Board of Directors and Management and imposes certain limitations as to the authority of the committees and Management including, for example, discretionary spending limits within the annual capital expenditure budget. The President and Chief Executive Officer, together with Management, is responsible for ensuring that the corporate objectives, developed annually with the Board of Directors, are met in order to enhance Shareholder value.

Succession Planning for Senior Executives and Management

The Governance and Nominating Committee has discussed a succession plan for the President and Chief Executive Officer and certain other senior executives of the Corporation. The Governance and Nominating Committee also has an emergency succession plan in place, should it be required.

Risk Management Oversight

The Governance and Nominating Committee oversees enterprise risk management, including reports prepared by management which: (a) identify the key risks facing the Corporation and ensure that such risks are properly defined; and (b) identify who is responsible for oversight, prevention and management in respect of such key risks and the coordination of any response by the Corporation in the event such key

risk materializes. Management of the Corporation is responsible for ensuring that there are processes in place to effectively identify, monitor and manage risks facing the Corporation.

Management also frequently reports to the Board on developments and progress made on its strategies for managing key risks facing the Corporation.

Responsibility of Chairman of the Board of Directors

The Board Chair is charged with the responsibility to lead the Board of Directors and organize it to function independently of Management so as to foster ethical and responsible decision making, appropriate oversight of Management and good corporate governance practices. The Board Chair schedules in camera sessions at the end of each regularly scheduled meeting of the Board of Directors, to meet with only members who are independent. The Board Chair is responsible for setting the agenda of each meeting and for ensuring that matters to be considered by the Board of Directors are properly presented so as to use directors' time wisely and safeguard the time to be dedicated to strategic planning, review, discussion and decision making. The Board Chair provides advice and counsel to the President and Chief Executive Officer and other senior executives and leads the Board of Directors process for assessment of the effectiveness of the Board of Directors. The position of Board Chair and Chief Executive Officer have been separate throughout the history of the Corporation since it went public in March 2006.

Orientation and Continuing Education

The Governance and Nominating Committee is responsible for reviewing, monitoring and making recommendations regarding the orientation of new directors and the ongoing education of directors.

Each new director on the Board of Directors will, when appointed, be provided with an orientation that is tailored to his or her particular needs and areas of interest. In addition, each new director will be provided with written information about the duties and obligations of directors, and the business and operations of the Corporation. These written materials will include the Board of Directors' Terms of Reference, the Governance Guidelines, the Code, the charters of each respective committee of the Board of Directors, documents from recent meetings of the Board of Directors and other key corporate policies and relevant corporate and Board of Director information. New directors will be expected to review these documents and become familiar with their contents. New members of the Board of Directors will also have the opportunity to meet with Management of the Corporation.

The Corporation's ongoing education efforts include: (i) on-site visits and field trips to various facilities; and (ii) presentations from officers, senior managers and advisors to the Board and its committees regarding business, legal and other matters. Directors are also encouraged to independently engage in professional development initiatives to become more effective board members.

Ethical Business Conduct

As disclosed above, the Board of Directors has instituted the Code which sets out in detail the core values and the principles by which the Corporation is governed and addresses topics such as: honest and ethical conduct; conflicts of interest; compliance with applicable laws, rules and regulations; privacy and confidentiality of non-public information; protection; proper use of Corporation assets; accuracy of recording and reporting; fair dealing; political activities and contributions; gifts and entertainment; discrimination and harassment; environment, safety and health; and reporting potential violations of laws, rules, regulations and the Code. It applies to and is annually certified by all employees, officers, consultants, service providers and directors. In addition, the Corporation's business partners and suppliers are expected to conduct their business activities with the Corporation in accordance with applicable laws, rules and regulations and the Code. The Code is available on the Corporation's website and on the Corporation's SEDAR profile at www.sedar.com

The Corporation's President and Chief Executive Officer and Chief Financial Officer are responsible for communicating the Code to directors, officers, employees and consultants, administering the Code,

handling inquiries and complaints, investigating violations, and reporting to the Board of Directors on matters related to the Code.

The Board of Directors and the Audit Committee have also established a Whistleblower Policy to encourage employees, officers and directors to raise concerns regarding any matters, including accounting, internal controls or auditing matters, discrimination, harassment or any other contravention of the Code, applicable laws, rules or regulations. Pursuant to the Whistleblower Policy, anyone may contact the Audit Committee either directly or through the Corporation's confidential Whistleblower hotline and report a complaint regarding the Corporation's accounting, internal controls or auditing matters free from fear of reprisal or contravention.

In addition, in order to ensure independent judgment in considering transactions/agreements in which a director/officer has a material interest, all related party transactions are approved by the independent directors and all payments under related party transactions are approved by the Audit Committee. Since it is not always easy to determine whether a conflict of interest exists, the Code requires that all potential conflicts of interests be reported immediately to a senior officer or the Chair of the Audit Committee.

It is acknowledged that staff and directors may be directors or officers of other entities engaged in the drilling fluid and production chemical business or competing businesses and that such entities may compete directly or indirectly with the Corporation. The Code further states that any staff member or director who is actively engaged in the management of, or who owns an investment of 1% or more of the outstanding securities in, public or private entities must disclose such holding to the President and CEO (in the case of a staff member) or the Board (in the case of a director). In the event that any circumstances should arise as a result of such positions or investments being held, which in the opinion of the President and CEO or Board (as applicable) constitutes a conflict of interest which reasonably affects such person's ability to act with a view to the best interests of the Corporation, the President and CEO or Board will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Corporation. Such actions, may, without limitation, include excluding such staff or directors from certain information or activities of the Corporation.

Nomination of Directors and Director Succession

In consultation with the Chairman of the Board of Directors and the President and Chief Executive Officer, the Governance and Nominating Committee is responsible for identifying and recommending to the Board of Directors nominees for election or re-election to the Board of Directors or for appointment to fill any vacancy that is anticipated or has arisen on the Board of Directors in accordance with the Committee's charter, Governance Guidelines and any policies adopted by or applicable to the Corporation from time to time. In identifying potential nominees, the Governance and Nominating Committee will screen the qualifications of candidates against a matrix of the skills and experiences of current directors and the skills and experience needs of the Board of Directors, taking into account the Board of Directors' long-term succession plans.

The Corporation has not adopted term limits for the directors on the Board or other formalized mechanisms of board renewal. However, the Board may adopt such initiatives in the future. The Governance and Nominating Committee and the Board considers director succession planning on an annual basis, including a review of the qualifications, diversity, skills and experiences of current directors and the skills and experience needs of the Board of Directors, taking into account the Board of Directors' long term succession plans and the need for renewal, as well as diversity in background, experience, and personal skills and qualities on the Board.

The Governance and Nominating Committee, which is comprised entirely of independent directors, is also responsible for reviewing and considering all candidates identified by Shareholders as potential nominees for the Board of Directors.

Candidates are assessed on their individual qualifications, diversity, experience and expertise and must exhibit the highest degree of integrity, professionalism, values and independent judgment. While the

emphasis on filling board vacancies is on finding the best qualified candidates given the needs and circumstances of the Board, a nominee's diversity of gender, race, nationality or other attributes may be considered favorably in his or her assessment.

The Governance and Nominating Committee believes that the Board should be comprised of directors with a broad range of experience and expertise and utilizes a skills matrix to identify those areas which are necessary for the Board to carry out its mandate effectively. The following table reflects the diverse skill set of the Board and identifies the specific experience and expertise brought by each individual director.

Director Skills Matrix

SKILL SET/EXPERIENCE	Scherman	Armour	Cosby	Hardacre	Hooks	Kitagawa	Wright	Zinger
Corporate governance expertise/board member of a public issuer	√	√	√	√	√	√	√	√
Chief executive officer/senior officer experience of a public issuer		√			√		√	√
Managing and leading growth	√	√	√	√	√	√	√	√
Management & Operations								
- General	√	√	√	√	√	√	√	√
- Production, Processing, Manufacturing, and Supply Chain		√			√	√	√	√
- U.S.	√	√	√		√		√	√
- International	√		√		√			√
- Marketing and sales		√		√	√		√	
- Research and development					√			
Financial literacy/Financial reporting/Audit Committee	√	√	√	√	√	√	√	
Financing	√	√		√	√	√	√	
Investment Banking/Mergers & Acquisitions	√	√	√	√		√	√	
Tax	√			√		√		
Health, safety, environment and social responsibility/HS&E Committee		√	√				√	√
Human resources/Executive compensation/Compensation Committee		√	√	√	√	√	√	√
Information Technology	√					√		

Board Assessments

The Corporation's Governance Guidelines provide that the Board of Directors must make an annual assessment of the overall effectiveness of the Board of Directors and the committees of the Board of Directors. To assess the effectiveness of the Board of Directors and its committees, on an annual basis, each of the directors completes a detailed questionnaire which provides for quantitative ratings in key areas including: (a) the effectiveness of the Board; (b) the governance practices of the Board; (c) the ethical standards and professional integrity of the Board and its members; (d) the Board's oversight of management and risk-management; (e) the Corporation's corporate strategy and the Board's input and oversight of the implementation and execution of such strategy; (f) communication and transparency between management and the Board, between Board committees and the Board and between members and the Board; (g) Board processes; (h) Board composition and diversity; (i) committee composition, structure and performance; (j) director succession; (k) quality of materials and information presented to the Board by Management; (l) evaluation of the performance of Management; and (m) evaluation of executive compensation. Board members are also requested to provide any subjective comments regarding corporate governance matters. A summary report of the received questionnaires is then prepared by the chair of the Governance and Nominating Committee, discussed by such committee and provided to the Board for information purposes. Following the aforementioned Board meeting, matters requiring follow-up are identified and action plans are developed and monitored on a go-forward basis by the Governance and Nominating Committee.

Diversity

The Corporation has adopted a Board & Management Diversity Policy (the "**Diversity Policy**") which is intended to set out a framework to promote diversity on both the Board of Directors and in senior leadership and management positions of the Corporation. The objectives of the Diversity Policy are to identify and consider candidates for the Board and management who are highly qualified based on their experience, education, functional expertise, personal skills and qualities and who meet diversity criteria, including gender, age, ethnicity, sexual orientation, indigenous heritage and geographic location of the candidate. The Governance and Nominating Committee will review the Diversity Policy from time to time as necessary and make recommendations on any required changes to the Board for consideration and approval. A copy of the Diversity Policy may be found on the Corporation's website at <https://www.cesenergysolutions.com/governance>.

Gender diversity is an important component of the Diversity Policy. The Corporation is committed to ensuring that gender diversity is actively pursued both at the Board level and in senior management. The Governance and Nominating Committee seeks to include diverse candidates in any director search and looks at a broad array of organizations in addition to the traditional candidate pool of corporate directors. Due consideration is given to female representation in the director nomination process by identifying female candidates in the selection process in order to promote gender diversity. The Governance and Nominating Committee annually discusses promoting diversity on the Board and in Management in light of the skills required at the time and makes recommendations to the Board.

The Corporation has not adopted a formal target regarding women or other "designated groups"² on the Board or in senior management as the Corporation does not believe that quotas or a formulaic approach necessarily results in the identification or selection of the best candidates. However, the Board may adopt such targets in the future.

With the appointment of Ms. Cosby to Chair of the Governance and Nominating Committee in 2022, the Corporation and the Board are placing renewed focus on improving diversity on the Board of Directors and in Management by leveraging Ms. Cosby's extensive experience in human resources and governance matters. The Governance and Nominating Committee and the Board are committed to ensuring that diversity issues play an important role as opportunities for Board renewal present themselves.

² "designated groups" means women, Aboriginal peoples, persons with disabilities, and members of visible minorities.

Currently, the number and percentage of directors and nominees who are members of the designated groups are:

Designated Group	Current Directors	Nominated Directors
Women	1/8 (13%)	1/8 (13%)
Aboriginal peoples	0/8 (0%)	0/8 (0%)
Persons with disabilities	0/8 (0%)	0/8 (0%)
Members of visible minorities	1/8 (13%)	1/8(13%)

The above diversity disclosure relies on voluntary self-identification by directors and therefore represents the information of individuals who have chosen to self-identify. This information has not been independently verified by the Corporation.

SHARE BASED COMPENSATION PLANS

Existing Plans and Shares Authorized for Issuance

The Corporation has two share based compensation arrangements pursuant to which Common Shares may be authorized for issuance to eligible participants, being its restricted share unit plan (“**RSU Plan**”) and its director compensation arrangement (“**DCA**”). Previously, the Corporation had a share rights incentive plan (“**SRIP**”), however the Corporation did not put the SRIP forward for renewal at its annual meeting in 2019 and as such, it expired on June 16, 2019. The RSU Plan and DCA are the only compensation arrangements that have been adopted by the Corporation providing for the issuance of securities as compensation going forward. The RSU Plan, SRIP and DCA were all approved by the Shareholders.

Under the RSU Plan, the Corporation may grant RSUs to eligible directors, officers and employees of the Corporation and its subsidiaries. Upon vesting, each RSU is redeemed for one Common Share for no additional consideration. 4,233,172 RSUs were granted under the RSU Plan in 2021, representing approximately 1.7% of the number of Common Shares outstanding as at December 31, 2021. 6,824,329 RSUs were outstanding as at April 29, 2022, representing approximately 2.7% of the number of Common Shares outstanding as at that date.

Under the SRIP, the Corporation could grant incentive rights to purchase Common Shares (“**Incentive Rights**”) to eligible directors, officers, employees and service providers. The SRIP expired on June 16, 2019 and no Incentive Rights were granted under the SRIP in 2021. At April 29, 2022, 2,185,800 legacy Incentive Rights were outstanding with an aggregate value of nil based on the closing price of the Common Shares on the TSX as at April 29, 2022 being \$2.63 per Common Share.

Under the DCA, members of the Board of Directors may elect to receive their annual retainer and other amounts payable for their services on the Board of Directors in the form of Common Shares or cash. A fixed maximum aggregate amount of 600,000 Common Shares are issuable to the directors over the lifetime of the DCA. 63,632 Common Shares were issued to directors under the DCA in 2021, representing 0.03% of the number of Common Shares outstanding as at December 31, 2021. 398,104 Common Shares remain available for issuance under the DCA as at April 29, 2022, representing approximately 0.2% of the number of Common Shares outstanding as at that date.

Additional information concerning the outstanding RSUs and Incentive Rights and the Common Shares available for issuance under the RSU Plan, SRIP and DCA as at December 31, 2021 is set out in the table below.

Plan	Number of Common Shares issuable upon exercise of outstanding RSUs or Incentive Rights	Weighted-average exercise price of outstanding Incentive Rights (\$)	Number of Common Shares remaining available for future issuance under the SRIP, RSU Plan and DCA⁽¹⁾
SRIP	2,378,400	6.02	Nil
RSU Plan	6,604,022	N/A	6,087,523
DCA	-	-	
Equity compensation plans approved by securityholders	8,982,422	N/A	6,087,523
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	8,982,422	N/A	6,087,523

Note:

(1) Under the RSU Plan, the aggregate number of Common Shares which may be issuable upon the redemption of RSUs shall not exceed 5% of the Common Shares of the Corporation, which as at December 31, 2021 equaled 12,691,545 Common Shares. After accounting for the number of RSUs issued and outstanding, as at December 31, 2021, a total of 6,087,523 Common Shares remained available for grant under the RSU Plan. The maximum number of Common Shares available for issuance under the DCA is 600,000, less the number of Common Shares already issued under the DCA.

Terms of the RSU Plan

The RSU Plan currently allows participants to earn Common Shares of the Corporation over time. Under the RSU Plan, the Corporation may grant RSUs to those directors, employees and consultants of the Corporation that the Board of Directors designates to be eligible to receive a grant based on performance of such person (an “**Eligible Person**”).

Under the current RSU Plan, grants of RSUs under the RSU Plan are subject to the following restrictions:

- (a) The aggregate number of Common Shares which may be issuable under the RSU Plan (excluding the SRIP and any other security based compensation arrangement of the Corporation) shall not exceed 5.0% of the issued and outstanding Common Shares as at the date of grant.
- (b) The maximum number of RSUs which may be reserved for issuance to insiders of the Corporation shall be 2.5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis).
- (c) The maximum number of RSUs which may be issued to insiders under the RSU Plan within a one year period shall be 2.5% of the Common Shares issued and outstanding at the time of the issuance (on a non-diluted basis).
- (d) The maximum number of RSUs which may be issued to any one insider and such insider’s associates under the RSU Plan within a one-year period shall be 1.0% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis).
- (e) The maximum number of RSUs which may be reserved for issuance to any non-employee director of the Corporation shall be 0.5% of the Common Shares outstanding at the time of grant (on a non-

diluted basis) and the aggregate number of Common Shares reserved for issuance to all non-employee directors within a one year period under all security based compensation arrangements of the Corporation shall not exceed 1.0% of the Common Shares outstanding at the time of grant (on a non-diluted basis). In addition, the aggregate value of RSU's reserved for issuance to any non-employee director of the Corporation in any calendar year under the RSU Plan (including all security based compensation arrangements of the Corporation) shall not exceed \$150,000.

The Board approves the number of RSUs to be awarded to each Eligible Person. RSUs awarded to Eligible Persons are credited to an account that is maintained for that Eligible Person on the books of the Corporation.

An Eligible Person's account is credited with additional RSUs to account for dividends on the Common Shares on each dividend payment date in respect of which ordinary course cash dividends are paid on the Common Shares. The number of additional RSUs credited is determined by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of RSUs recorded in the Eligible Person's RSU account on the date for the payment of such dividend, by (b) the market value of a Common Share (as defined in the RSU Plan) as at the dividend payment date.

The granting of RSUs to any Eligible Person under the RSU Plan in any calendar year is either: (i) awarded solely in respect of performance of such Eligible Person in the same calendar year of the grant date; or (ii) in respect of performance of such Eligible Person for the preceding calendar (in each case, the "**Service Year**"). The RSU Plan provides that the vesting date of RSUs is determined by the Board of Directors, in its discretion, for each grant. The majority of RSUs granted to date have vested on the first anniversary of the date of grant, with the remainder vesting as to one third on each of the first, second and third anniversaries of the date of the grant.

Upon vesting, each RSU is redeemed for one Common Share issued from treasury for no additional consideration.

Under the RSU Plan, if an Eligible Person's employment is terminated for reasons other than resignation or cause (as defined in the RSU Plan), then the RSUs for which the vesting date is on or after the participant's termination date will vest and be payable in cash based on the market value of the Common Shares at the termination date. Should the year in respect of which the RSUs were granted not yet be complete, only the *pro rata* portion of the RSU award relating to the period of employment in the subject year will vest. Upon the death of an Eligible Person, any unvested RSUs held by such Eligible Person shall vest, and the Corporation shall redeem all vested RSUs credited to the Eligible Person's account and all such amounts shall be transferred or paid to the legal representatives of the estate of such Eligible Person. Upon the resignation or termination for cause of an Eligible Person, all RSUs not yet vested at the date that notice of the termination is given will be forfeited.

If a take-over bid (that is not exempt from the take-over bid requirements of the *Securities Act* (Alberta) or Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids*) is made for the Common Shares, or if the Corporation is merged into or amalgamated with any other entity, or the Corporation sells all or substantially all of its assets, the Corporation shall redeem all of the RSUs granted to Eligible Persons and outstanding under the RSU Plan for a cash payment per RSU equal to the greater of the market value of a Common Share (as defined in the RSU Plan) or the price paid for the Common Shares under the change of control.

The RSU Plan provides that appropriate adjustments in the number of Common Shares subject to the RSU Plan and issuable upon the vesting of an RSU shall be made by the Board of Directors to give effect to adjustments in the number of Common Shares resulting from any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, or other distribution (other than normal cash dividends) of the Corporation's assets to its shareholders.

RSUs are not assignable or transferable other than by will or the laws of descent and distribution.

The Board of Directors may suspend, discontinue or amend the RSU Plan or any award made pursuant thereto without the approval of a majority of the voting securityholders of the Corporation, excepting that, unless the proposed amendment results from a change of control as described in the RSU Plan, such securityholder approval is required in order to make the following amendments: (i) increase in the number of Common Shares, or the percentage of the issued and outstanding Common Shares, issuable pursuant to the RSU Plan; (ii) extend the redemption date of any award granted under the RSU Plan; (iii) materially modify the eligibility requirements for participation in the RSU Plan; (iv) amend the limitations on the maximum number of Common Shares reserved or issued to insiders; (v) amend the limitations under the RSU Plan with respect to RSUs that may be granted to non-employee directors; (vi) amend the restriction under the RSU Plan on the transfer of RSUs to permit a holder to transfer any RSUs to a new beneficial holder other than for estate settlement purposes or (vii) amend the amendment provision of the RSU Plan.

The rules of the TSX provide that an issuer must obtain securityholder approval of all unallocated options, rights or other entitlements under any security-based compensation arrangements that do not have a fixed maximum aggregate of securities issuable every three years after the institution of any such compensation arrangement. The unallocated RSUs under the RSU Plan were last approved by the Shareholders in June 2020 and are required to be re-approved by the Shareholders at a meeting of Shareholders by June 2023.

Terms of the SRIP (Expired)

The terms of the SRIP required that the Shareholders re-approve the SRIP every three years. The Corporation elected not to put the SRIP forward for renewal at the 2019 annual general meeting and as such, the SRIP expired effective June 16, 2019. While no Incentive Rights under the SRIP were issued in 2019, there remain 2,185,800 Incentive Rights outstanding with an aggregate value of nil based on the closing price of the Common Shares on the TSX as at April 29, 2022 being \$2.63 per Common Share. The terms of the SRIP as set out below represent the relevant terms of the last effective SRIP which was renewed by the Shareholders on June 16, 2016 and which applies to the remaining Incentive Rights outstanding and until their exercise or expiry:

- *Exercise Price* - The original exercise price of the Incentive Rights at the time of grant must have been no less than the closing price of the Common Shares on the TSX on the last business day prior to the approval of the granting of the Incentive Right by the Board of Directors. However, the original exercise price of Incentive Rights may be adjusted downward at the election of the holder by an amount equal to the per share amount of all dividends or distributions declared and paid from the date of grant to the date of exercise (whether paid in cash, in other securities of the Corporation or in other assets of the Corporation). In certain circumstances, it may be more advantageous to use the original exercise price rather than the downward adjusted exercise price as using the downward adjusted price may increase the tax rate applicable to the exercise of the Incentive Right.
- *Expiry and Vesting* - Under the SRIP, the Board of Directors had the power to determine the time at which an Incentive Right would expire and the time or times when Incentive Rights would have vested and become exercisable. The period during which an Incentive Right is exercisable would generally expire at the end of the fifth calendar year following the year in which the Incentive Right has vested. However, if the original expiry date of an Incentive Right occurs during, or within ten business days of the end of a Corporation-imposed securities trading blackout applicable to a holder of Incentive Rights, then the expiry date is extended to be the tenth business day after the original expiry date of the blackout period. All Incentive Rights granted under the SRIP vest as to one-third on each of the first, second, and third anniversaries of their respective dates of grant and expire on a date that is no later than five years after their respective dates of grant.
- *Transferability and Financial Assistance* - An Incentive Right is personal to the grantee and is non-transferable and non-assignable. The SRIP does not provide for or contemplate the provision of financial assistance to facilitate the exercise of Incentive Rights and the issuance of Common Shares.

- *Adjustments* - Appropriate adjustments as regards Incentive Rights granted, in the number of Common Shares optioned and in the exercise price of the Incentive Rights, shall be made by the Board of Directors to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, or other relevant changes in the Corporation. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board of Directors in its sole discretion, subject to approval by the Shareholders and to acceptance by the TSX, respectively, if applicable.
- *Termination* - If the employment or appointment of an Incentive Rights holder with the Corporation is terminated by either party for any reason other than termination for cause or, generally, the voluntary resignation of the holder (provided that a termination of employment by an Incentive Rights holder following a change of control of the Corporation in accordance with the terms of any employment agreement shall not constitute a resignation), in which cases the Incentive Rights expired immediately upon the holder ceasing to provide active services to the Corporation, the Incentive Rights held by such individual must be exercised by an Incentive Rights holder or, if the Incentive Rights Holder is deceased, by the legal representative(s) of the estate of the Incentive Rights Holder within 90 days of the later of the date of notice of such termination or the date on which the holder ceased to actively provide services to the Corporation, but in either case prior to the expiry date of the Incentive Right in accordance with the terms thereof.
- *Reorganization or Sale* - If the Corporation is merged into or amalgamated with any other entity, or the Corporation sells all or substantially all of its assets, and as a result of such a transaction the Shareholders would receive securities of another issuer in substitution for the Common Shares, the Incentive Rights will be modified so that the holder would receive that number of securities of the successor issuer that he or she would have received as a result of the merger, amalgamation or sale if the holder had exercised the Incentive Rights to purchase Common Shares immediately prior to the transaction. Additionally, if a take-over bid (that is not exempt from the take-over bid requirements of the *Securities Act* (Alberta) or Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids*) is made for the Common Shares, holders of Incentive Rights have the right to immediately exercise all unexercised Incentive Rights held by such holder, whether vested or not at such time, in order to tender such Common Shares to the take-over bid. If those Common Shares are not tendered to or taken up under the bid, any Common Shares acquired by the holder of the exercised Incentive Rights in connection with the take-over bid are deemed to be cancelled and returned to the Corporation, and the Incentive Rights and the consideration paid by the holder to exercise those Incentive Rights will be returned to the holder.
- *Amendment of SRIP or Incentive Rights* - The Board of Directors may, at any time without the approval of the Shareholders, suspend, discontinue or amend the SRIP or any Incentive Right. However, the Board of Directors may not, without the approval of a majority of the Shareholders, amend the SRIP or an Incentive Right to: (a) increase the number of Common Shares, or the percentage of the issued and outstanding Common Shares, issuable pursuant to the plan; (b) other than as provided for in the exercise price adjustment mechanisms for dividends described above, make any amendment that would reduce the exercise price of an outstanding Incentive Right held by an insider of the Corporation (including a cancellation and reissue of an Incentive Right that constitutes a reduction of the exercise price), or to make any amendment to such exercise price adjustment mechanisms; (c) extend the expiry date of any Incentive Right granted under the SRIP beyond the expiry date of the Incentive Right determined at the date of grant, except as provided for with respect to an expiry date that occurs during a blackout period, as described above; (d) amend the limitations on the maximum number of shares reserved or issued to insiders of the Corporation under the SRIP; or (e) amend the amendment provisions of the SRIP, as described therein, in each case unless the change to the SRIP or an Incentive Right results from the application of provisions in the SRIP relating to mergers, business combinations, take-over bids and anti-dilution provisions.

Terms of the DCA

Under the DCA members of the Board of Directors may elect to receive their annual retainer and other amounts payable for their services on the Board of Directors in the form of Common Shares or cash. If a director elects to receive any portion of his or her annual retainer or other remuneration in the form of Common Shares, the number of Common Shares to be issued will be determined net of withholding taxes and based on the five day volume weighted average trading price of Common Shares prior to each payment date, subject to the Corporation's trading policy. Directors of the Corporation are paid quarterly. In addition, the Board of Directors may, at any time, amend or terminate the terms and conditions of the DCA by resolution of the Board of the Directors without Shareholder approval, subject to the policies of the TSX (or any other applicable stock exchange from time to time) and applicable laws.

The DCA has a fixed maximum aggregate amount of 600,000 Common Shares reserved and issuable to the Board of Directors. 398,104 Common Shares remain available for issuance under the DCA as at April 29, 2022, representing approximately 0.2% of the number of Common Shares outstanding as at that date.

Annual Burn Rate for RSU Plan, SRIP and DCA

The annual burn rate for the RSU Plan, SRIP and DCA for the last three fiscal years is set out in the table below:

Plan	For the Year Ended		
	December 31, 2019	December 31, 2020	December 31, 2021
RSU Plan ⁽¹⁾	1.7%	2.2%	1.6%
SRIP	0.0%	0.0%	0.0%
DCA	0.009%	0.019%	0.024%

Note:

(1) The total number of RSUs granted for each fiscal year was as follows: 2021: 4,233,172; 2020: 5,941,372; and 2019: 4,542,907.

The annual burn rate for the RSU Plan, SRIP and DCA set out above is calculated by (i) dividing the number of securities granted under the RSU Plan, SRIP or DCA, as applicable, during the applicable year by (ii) the weighted average number of securities outstanding for the applicable year. The weighted average number of securities is the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the securities are outstanding as a proportion of the total number of days in the period.

EXECUTIVE COMPENSATION

Named Executive Officers

The President and Chief Executive Officer (“**CEO**”), the Chief Financial Officer (“**CFO**”) and the three most highly compensated executive officers of the Corporation other than the CEO and CFO constitute the Corporation's Named Executive Officers for the purposes of this Information Circular (each a “**Named Executive Officer**” or a “**NEO**” and collectively, the “**Named Executive Officers**” or “**NEOs**”). For the period ending December 31, 2021, the Corporation had the following six Named Executive Officers: (a) Kenneth E. Zinger, President and Chief Executive Officer; (b) Anthony M. Aulicino, Chief Financial Officer; (c) Vernon J. Disney, President – US Production Chemicals; (d) Richard L. Baxter, President – US Drilling Fluids (each of Messrs. Disney and Baxter, a “**Division President**”, collectively, the “**Division Presidents**” and together with Messrs. Zinger and Aulicino, the “**Executive NEOs**”); (e) Michael Hallat – President of Sialco Materials Limited (“**Sialco**”), a wholly owned subsidiary of the Corporation (“**Sialco President**”); and (f) Thomas J. Simons – Former President and Chief Executive Officer.

Compensation Discussion and Analysis

Introduction

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's philosophy, objectives, methodology and processes regarding compensation for the Named Executive Officers.

The Corporation strives to achieve the following with its total compensation program:

- align total compensation with Shareholder interests and returns;
- be viewed as an employer of choice that attracts, retains and motivates skilled and valued employees;
- minimize turnover related to compensation issues;
- reward individual and corporate contribution and team performance;
- provide employees with the opportunity to earn up to or beyond the typical target positioning for high achieving employees whose performance exceeds the objectives for the year;
- balance a proportion of fixed versus variable compensation to be competitive with typical practice among peers; and
- enhance a performance culture by aligning pay with performance under the Corporation's short-term incentive plan and long-term incentive plan.

Compensation Committee

To assist the Board of Directors in fulfilling its oversight responsibilities with respect to human resource policies and executive management compensation, the Board of Directors has established the Compensation Committee comprised of three (3) independent directors: Messrs. Hooks (Chair), Kitagawa, Armour. Messrs. Hooks, Kitagawa and Armour have served as executive officers of other corporations and, as such, have experience in decision-making related to compensation policies and practices. In addition, Mr. Hooks has served on the compensation committee of another public issuer.³

The Compensation Committee is responsible for reviewing the Corporation's overall compensation policies and guidelines and its objectives related to executive compensation. It is mandated, among other things, to:

- (a) consider and recommend to the Board, on an annual basis, the Corporation's general compensation policies and guidelines;
- (b) determine that such policies and guidelines are aligned with CES' values and mission and will attract, retain and motivate the selected personnel;

³ Prior to March 10, 2022 the Board of Directors had a Compensation, Governance and Nominating Committee which consisted of four (4) independent directors: Messrs. Hooks (Chair), Kitagawa, Armour and Ms. Stella Cosby. Effective March 10, 2022, the Board of Directors split the Compensation, Governance and Nominating Committee into two committees, being the Compensation Committee and the Governance and Nominating Committee. The executive compensation decisions made with respect to performance in 2021 and the proposed compensation design for 2022 were made prior to March 10, 2022 by the Compensation, Governance and Nominating Committee.

- (c) determine that the compensation of directors realistically reflects the responsibilities and risks involved in being an effective director;
- (d) consider and recommend to the Board annual compensation budgets;
- (e) consider and recommend to the Board various benefit plans, bonus and incentive plans, and share option and other medium or long-term incentive plans and to oversee the administration and assess the effectiveness and appropriateness of the foregoing;
- (f) make recommendations to the Board with respect to the CEO's compensation and entitlement to bonuses in light of the CEO's annual performance and in light of the criteria proposed by the Compensation Committee and adopted by the Board; and
- (g) propose to the Board criteria for assessing the performance of senior management and assessing their performance in accordance with evaluation processes established by the Board.

The Compensation Committee has the authority to engage advisors to assist it in making determinations as to appropriate compensation levels throughout the organization and compensation program design. The Compensation Committee receives recommendations respecting compensation from the CEO for the other Executive NEOs and takes such recommendations into consideration when making its determinations.

The Compensation Committee also makes executive compensation decisions for the Executive NEO's, based on an annual review and analysis of: (a) management's overall performance, as evidenced by the achievement of corporate and individual goals; (b) EBITDAC, TSR, ROCE, HSE, and governance metrics; (c) management of the Corporation's gross capital expenditures ("**Capex**"), balance sheet and liquidity; (d) relative performance of the Corporation's securities including the Common Shares and 6.375% senior unsecured notes due October 21, 2024 ("**Senior Notes**"); (e) industry conditions; and (f) executive compensation of peer group members.

Compensation Consultants

For 2020 the Compensation Committee did not engage any outside consultant or advisor to assist in determining compensation for any of the Corporation's directors or executive officers. In 2021, the Compensation Committee retained Lane Caputo Compensation Inc. to provide advisory services and recommendations for the 2021 compensation program.

The table below summarizes the fees paid by the Corporation to compensation consultants related to determining compensation and compensation program design for the Corporation's Executive NEOs ("**Executive Compensation-Related Fees**") and the fees paid by the Corporation to compensation consultants for other services ("**All Other Fees**") for the financial years ended December 31, 2020 and 2021.

	Fees Paid to Compensation Consultant	
	2021	2020
Executive Compensation-Related Fees	\$7,157.63	nil
All Other Fees	nil	nil

Compensation Program Design

The Corporation's compensation program is designed to reward performance that contributes to the achievement of CES' business strategy on both a short-term and long-term basis. Additionally, the Corporation strives to reward qualities that it believes help achieve its strategy such as teamwork, individual performance, responsibility, accountability and tenure with CES.

The Corporation believes that its compensation program incorporates various measures designed to mitigate any incentive for its executives or other key employees to take, or be rewarded for, excessive or inappropriate risks. The following are examples of such measures:

- the Corporation's compensation program consists of both fixed and variable compensation, with a significant portion of compensation being "at risk" and based on performance;
- under the Corporation's short-term incentive plan for 2021 and 2022, Executive NEOs may be awarded cash if certain metrics relating to the performance of the Corporation over the course of the year are satisfied. These metrics include adjusted EBITDAC, minimizing annual non-essential Capex, minimizing total debt levels, preserving liquidity, and relative performance of the Corporation's Common Shares and Senior Notes compared to the Corporation's peers. The Compensation Committee along with the Board will evaluate the performance of the Corporation as it relates to these metrics in the context of market and industry conditions. If these metrics are satisfied, the Board, on the recommendation of the Compensation Committee will grant a cash award to Executive NEOs upon the conclusion of the respective financial year;
- under the Corporation's long-term incentive plan, Executive NEOs may be awarded RSUs if certain performance-based criteria recommended by the Compensation Committee and approved by the Board are satisfied. If the performance-based criteria are satisfied under the long-term incentive plan, the Board, on the recommendation of the Compensation Committee may then approve the grant of RSUs. For 2021 and 2022 such RSUs granted will consist of RSUs which vest on a one third basis over a three-year period from the date of grant;
- subject to the maximum award amounts established by the Compensation Committee on an annual basis, the variable compensation under the Corporation's short-term incentive plan and long-term incentive plan are tied to performance-based factors which must be satisfied before any such grants are awarded. These performance measures are intended to align the interests of Shareholders and the Corporation as a whole with the interests of the Executive NEOs;
- the Corporation has adopted executive officer and non-executive director share ownership guidelines to align the long-term interests of executive officers and non-executive directors and the Shareholders by requiring such persons to maintain significant direct ownership of the Common Shares;
- as described in further detail below under the heading "*Clawback Policy*", the Corporation has adopted an incentive compensation clawback policy to ensure NEOs must repay the Corporation in the event of the restatement of financial statements as a result of intentional misconduct; and
- NEOs, directors, officers, consultants and employees of the Corporation are not permitted to purchase any financial instrument that is designed to hedge or offset a decrease in market value of the Common Shares. CES' insider trading policy prohibits speculation in securities of the Corporation, buying the Corporation's securities on margin, short-selling a security of the Corporation or any other arrangement that results in a gain only if the value of the Corporation's securities declines in the future, buying a put option and selling a call option. The insider trading policy requires the Corporation to pre-clear certain trades of its securities by executives or other key employees.

Clawback Policy

The Corporation adopted an incentive compensation clawback policy to require reimbursement of any cash or equity-based incentive payment to any executive officer where:

- the payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of the Corporation's financial statements;

- the Board determines such individual engaged in intentional misconduct that caused or substantially caused the need for the substantial restatement; and
- a lower payment would have been made to such individual based upon the restated financial results.

In each such instance, CES will, to the extent practicable, seek to recover from the individual the amount by which the individual's cash or equity based incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results.

Elements of Compensation

The Corporation's compensation program for Executive NEOs for 2021 was comprised of four elements, namely: (a) base salary; (b) performance based short-term incentives paid in cash; (c) performance based long-term incentives (RSUs vesting in thirds over a three year period); and (d) benefits. The Board and the Compensation Committee believe that properly allocating these pay components so that a portion of compensation is "at risk" is critical in motivating executives to carry out CES' strategy and ensuring that the interests of management are aligned with the interests of the Corporation's Shareholders.

For 2021, the Corporation's performance based short-term incentive plan was concentrated on metrics focused on protecting the balance sheet of the Corporation and the Corporation's relative performance compared to its peers. These metrics include: (a) maximizing adjusted EBITDAC in the context of current industry conditions, (b) minimizing non-essential Capex with a view to maintaining the Corporation's assets in good working and safe condition while minimizing expansionary Capex, (c) balance sheet management to minimize and, to the extent possible, reduce Total Debt of the Corporation, (d) preserving access to liquidity, and (e) relative performance of the Corporation's Common Shares and Senior Notes relative to its peers (collectively, the "**Short Term Metrics**").

Under the Corporation's performance based long-term incentive plan for 2021, Executive NEO's were awarded RSUs that vest in thirds over a three-year period if the Executive NEO's satisfy certain performance criteria including relative total Shareholder return ("**TSR**"), relative Return on Capital Employed ("**ROCE**"), HSE performance, and good governance (collectively, the "**Long Term Metrics**").

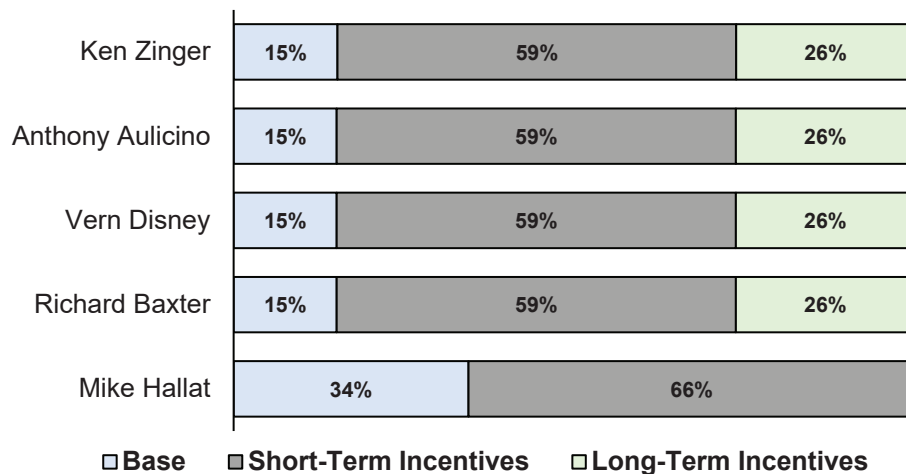
For the Sialco President, the compensation program is comprised of three elements, namely: (a) base salary; (b) performance based short-term incentives paid in cash (the "**Sialco Annual Bonus**"); and (d) benefits. The Sialco Annual Bonus for the Sialco President is a profit-sharing formula based on the EBITDAC attributable to Sialco, which is shared between management and the employees of Sialco.

Annual awards to Executive NEOs must be recommended by the Compensation Committee and approved by the Board and the annual awards and Sialco Annual Bonus are only payable after the Board has approved CES' year end results. For more information about the Corporation's short-term and long-term incentive plan, including anticipated changes for 2022, see "*Short-Term Incentive Plan*" and "*Long-Term Incentive Plan*" below.

The following is an overview of the four elements of CES' compensation program for Executive NEOs for 2021⁴:

	Total Direct Compensation			Indirect Compensation
Program	Base Salary	Short-Term Incentives	Long-Term Incentives	Group Benefit and Perquisite Programs
Purpose	Compensates executives for leadership, management and operational skills and the degree of accountability inherent in their roles	Cash bonuses if Short Term Metrics are satisfied.	Grants of RSUs if Long Term Metrics are satisfied. The performance based long-term incentive plan links the interests of executives and Shareholders by rewarding executives for creating sustained Shareholder value in the long term. RSUs vest on the basis of one third each year over a three-year period from the date of grant.	Invests in employee health and well-being
Performance Period		1 Year	3 Years	
		At Risk	At Risk	

The following chart outlines the total direct compensation break-down amongst the above-noted compensation categories for the year ended December 31, 2021 for NEOs.



⁴ The Sialco President's compensation program is comprised of three elements being Base Salary, Short-Term Incentives, and Group Benefit and Perquisite Programs

Peer Group Comparisons

The Compensation, Governance and Nominating Committee, with input from Management, identified a compensation peer group to assist in the evaluation of the appropriate overall level and form of employee compensation. The peer group consists of similarly sized peers within the broader Canadian oilfield services industry. For the purposes of 2021, the peer group included:

2021 Compensation Peer Group

Calfrac Well Services Ltd.	Newpark Resources Inc.
ChampionX Corporation	Pason Systems Inc.
Core Laboratories N.V.	Precision Drilling Corporation
Enerflex Ltd.	Secure Energy Services Inc.
Ensign Energy Services Inc.	Shawcor Ltd.
Gibson Energy Inc.	Tetra Technologies Inc.
Innospec Inc.	

For 2022, the Compensation Peer Group will consist of the companies listed above, however it will exclude Calfrac Well Services Ltd. and Innospec Inc.

The Compensation Committee analyzes public information available with respect to each peer group member listed above and compares the compensation paid to particular peer executives with executives of CES.

In addition, the Compensation, Governance and Nominating Committee and Management have identified a peer group for the purposes of evaluating the Corporation's relative financial performance on metrics including TSR and ROCE (the "**Performance Peer Group**"). The Performance Peer Group set out below includes companies that are commonly compared to the Corporation by research and investor communities as well as certain US based corporations that the Corporation has deemed relevant:

2021 Performance Peer Group

Black Diamond Group Limited	Precision Drilling Corporation
Calfrac Well Services Ltd.	Secure Energy Services Inc.
ChampionX Corporation	Shawcor Ltd.
Enerflex Ltd.	Source Energy Services Ltd.
Ensign Energy Services Inc.	STEP Energy Services Ltd.
Innospec Inc.	Tetra Technologies Inc.
Newpark Resources Inc.	Trican Well Service Ltd.
PHX Energy Services Corp.	Total Energy Services Inc.

For 2022, the Performance Peer Group will consist of the companies listed above, however it will exclude Black Diamond Group Limited, Calfrac Well Services Ltd., Innospec Inc. and Source Energy Services Ltd.

Overall Compensation

Recommendations to the Board of Directors in respect of executive compensation for the Executive NEOs, are the responsibility of the Compensation Committee. The Compensation Committee uses all appropriate

data available to it and may determine, from time to time, to engage a compensation consultant to assist in reviewing, updating and improving the Corporation's compensation program, to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain personnel it considers essential to the success of the Corporation. The Compensation Committee assesses the performance of Executive NEOs with respect to the performance based objectives described below under the headings "*Short-Term Incentive Plan*" and "*Long-Term Incentive Plan*" to determine if such Executive NEOs are eligible for awards under the Corporation's short-term incentive plan and long-term incentive plan.

Base Salaries

The Corporation pays base salaries in amounts intended to: (a) recognize each NEO's unique value and historical contribution to the success of the Corporation; (b) match competitors' salaries for executive talent; (c) provide NEOs with sufficient, regularly paid income; and (d) reflect each NEO's position and level of responsibility.

The Compensation Committee reviews base salaries for the Executive NEOs annually to determine if changes are warranted. In reviewing base salaries, the Compensation Committee considers a number of factors, including:

- general market and industry conditions and the operating environment for the Corporation;
- operational and financial results of the Corporation;
- a comparison to base salaries paid for comparable positions in the compensation peer group (base salaries and total compensation are targeted at the peer group median for median performance); and
- the relationship among base salaries paid by the Corporation and individual experience and contribution.

In response to deteriorating market conditions as a result of the coronavirus ("**COVID-19**") pandemic and related market disruptions, the Corporation instituted wage reductions for staff across Canada and the United States, including for the Executive NEOs. These wage reductions were implemented on May 1, 2020 and were restored on a divisional basis at different points during the latter half of 2020 for US Division Presidents based on specific activity levels in each division's respective market and regions. In Canada, wage reductions were restored for the Former CEO, CFO and Mr. Zinger (in his role at the time of President, Canadian Operations) on January 1, 2021.

For 2022, as a result of Mr. Simons departure from the Company and the Executive NEO group being reduced from five (5) members to four (4) members, the Compensation, Governance and Nominating Committee and the Board of Directors approved increased base salaries for each of the Executive NEO's as outlined below. These increases were approved in light of the additional efforts and responsibilities assumed by the Executive NEO team as a result of the reduction in the number of Executive NEOs, as well as comparison to peers during the normalized period prior to the COVID-19 pandemic.

Name and Position	2021 Base Salary	2022 Base Salary
Kenneth E. Zinger President and Chief Executive Officer	\$550,000 ⁽¹⁾	\$700,000
Anthony M. Aulicino Chief Financial Officer	\$450,000	\$525,000
Richard L. Baxter President, US Drilling Fluids	\$450,000	\$525,000

Name and Position	2021 Base Salary	2022 Base Salary
Vernon J. Disney President, US Production Chemicals	\$450,000	\$525,000
Michael Hallat President, Sialco Materials Limited	\$275,000	\$275,000

- (1) Prior to October 29, 2021, Mr. Zinger held the position of President, Canadian Operations with a 2021 base salary of \$450,000. Following the announcement of Mr. Zinger's appointment to the position of President and Chief Executive Officer on October 15, 2021, Mr. Zinger's salary was adjusted to the 2021 Base Salary for the President and Chief Executive Officer of the Corporation, being \$550,000 as set out in the table above.

Short-Term Incentive Plan

The Corporation maintains a short-term incentive plan for Executive NEOs as part of its compensation program. In light of the significant macro-economic uncertainty as well as the uncertainty specific to the oil and gas industry as a result of the COVID-19 pandemic, the Compensation, Governance and Nominating Committee and the Board adjusted the Corporation's performance based short-term incentive plan for 2020, 2021, and 2022 to concentrate on metrics focused on protecting the balance sheet of the Corporation as well as the relative performance of the Corporation compared to its peers. These metrics include: (a) maximizing adjusted EBITDAC in the context of current industry conditions, (b) minimizing non-essential Capex with a view to maintaining the Corporation's assets in good working and safe condition while minimizing expansionary Capex, (c) balance sheet management to minimize and, to the extent possible, reduce Total Debt of the Corporation, (d) preserving access to liquidity, and (e) relative performance of the Corporation's Common Shares and Notes relative to its peers (the "**Short Term Metrics**"). The Compensation, Governance and Nominating Committee believed that shifting to a more qualitative approach to short-term compensation during these times of extreme uncertainty will ensure that the overall near-term goals of the Corporation's compensation program are achieved.

For 2021, the target multiplier for the short-term incentive plan award was 3.15 times base salary (the "**STIP Target**") paid entirely in cash. The maximum multiplier that may be achieved under the short-term incentive plan was 2.1 times the 2021 STIP Target, being 6.61 times or 661% of an NEO's base salary for 2021. The STIP Target remains unchanged for 2022.

For the financial year ended December 31, 2021, the Corporation achieved \$150.9 million in EBITDAC, excluding the benefit received from Canadian Economic Wage Subsidy, in a year which continued to see challenges during the first half relating to the ongoing COVID-19 pandemic. During the latter half of 2021, industry conditions improved which resulted in increased demand for the Corporation's products and services, however additional challenges relating to labour and supply chain issues as the world emerged from the pandemic created some additional headwinds. In response to improving industry conditions, the Corporation's Total Debt, net of cash (as defined in the Corporation's Management Discussion & Analysis for the year ended December 31, 2021) increased by \$139.7 million from \$299.7 million at December 31, 2020, to \$439.4 million at December 31, 2021. Capex in 2021 increased slightly from \$22.9 million as at December 31, 2020 to \$29.4 million at December 31, 2021. The Corporation maintained access to ample liquidity, notwithstanding the increase to Total Debt to support increased activity levels, including the amendment and extension of the Corporation's syndicated credit facility (the "**Credit Facility**") which shifted availability to the Corporation's US operations through an increase to the US syndicated revolving facility and a corresponding reduction to the Canadian syndicated revolving facility, and extended the maturity date of the Credit Facility to September 28, 2024. Subsequent to December 31, 2021, the Corporation also exercised \$30.0 million of additional capacity under the Credit Facility through its accordion feature, increasing the maximum amount available on the Canadian syndicated revolving facility from \$145.0 million to \$175.0 million.

Based on the foregoing, as well as the relative outperformance of the Corporation's Common Shares and Senior Notes as it relates to price and rating, the Compensation, Governance and Nominating Committee

determined that the Corporation's 2021 Short Term Metrics exceeded anticipated expectations. Accordingly, the Compensation Committee determined that the short-term incentive plan multiplier would be 3.87 times the 2021 Salary for each Executive NEO, payable in cash, as reflected by the amounts paid under the heading "Summary Compensation Table" below.

The Compensation, Governance and Nominating Committee determined that it would maintain the payment of short-term incentives in cash in light of the Corporation's relatively high share ownership requirements and the actual share ownership of its Executive NEO's. In particular, the Executive NEO's hold on average 11.3 times their base salary in Common Share and Share Units, and all of the Executive NEO's meet or exceed the terms and conditions of their share ownership requirements as more particularly described under the heading "Executive Share Ownership Requirements" below. Accordingly, the Compensation Committee believe that Management's interests are appropriately aligned with Shareholders.

Long-Term Incentive Plan

The Corporation also maintains a performance based long-term incentive plan for the Executive NEOs. To be eligible for an award under the long-term incentive plan, the Corporation and the Executive NEOs must satisfy certain performance-based criteria recommended by the Compensation Committee and approved by the Board on an annual basis.

For 2021, the Board, on the recommendation of the Compensation, Governance and Nominating Committee, established the following performance-based criteria for the Corporation for Executive NEOs to be eligible for awards under the long-term incentive plan:

- **Total Shareholder Return**, relative to the Performance Peer Group. The Compensation, Governance and Nominating Committee and the Board evaluated the relative TSR for the Corporation by calculating, on a quarterly basis, the Corporation's ranking compared to the Performance Peer Group as follows:

TSR Percentile Ranking	Target Multiplier (Expressed as a % of Base Salary) ⁽¹⁾
Less than 25%	0
25%	50
50% (median)	100
75% or greater	200

Notes:

- (1) For every percentile increase that the Corporation achieves relative to the Performance Peer Group: (a) between the 25th and 50th percentile, the target multiplier will increase by 2%; and (b) between the 50th and 75th percentile, the target multiplier will increase by 4%.

- **Return on Capital Employed**, relative to the Performance Peer Group. Compensation, Governance and Nominating Committee and the Board evaluated the relative ROCE for the Corporation by calculating, on an annual basis, the Corporation's ranking compared to the Performance Peer Group as follows:

Percentile Ranking	Target Multiplier (Expressed as a % of Base Salary) ⁽¹⁾
Less than 25%	0
25%	50
50% (median)	100
75% or greater	200

Notes:

(1) For every percentile increase that the Corporation achieves relative to the Performance Peer Group: (a) between the 25th and 50th percentile, the target multiplier will increase by 2%; and (b) between the 50th and 75th percentile, the target multiplier will increase by 4%.

- **HSE Performance**, including Executive NEOs' achievements regarding: (a) Total Recordable Incident Rate ("**TRIR**") and (b) Lost Time Frequency Rate ("**LTF**"); and
- **Good Governance**, as determined by, among other things: (a) asset management processes; (b) external rating agency rankings and surveys; (c) internal controls; (d) adherence to good governance practices; (e) legislative compliance; and (f) risk mitigation.

The following chart outlines the weighting of each of the above criteria for 2021 along with the corresponding vesting schedule in respect of RSUs granted under the long-term incentive plan:

Performance Criteria	Weighting	Vesting Schedule
TSR	25%	1/3 Per Year
ROCE	25%	1/3 Per Year
HSE	25%	1/3 Per Year
Governance	25%	1/3 Per Year

For 2021, the targeted long-term incentive award for each NEO was 1.35 times or 135% of the 2021 Salary (the "**LTIP Target**") with actual awards ranging from zero to a maximum of 2.0 times the targeted award percentage (or a maximum of 270% of an NEO's base salary).

The Compensation, Governance and Nominating Committee used specific metrics relating to TRIR and LTF to measure HSE Performance. TRIR is an industry standard metric which measures the frequency of recordable incidents (fatalities, lost time, restricted or modified duties, or medical treatment), and LTF provides context regarding the relative severity of recordable incidents. TRIR represents 75% of the HSE Performance metric, and LTF represents the remaining 25%. Both TRIR and LTF are calculated as weighted averages as it relates to CES' divisions and subsidiaries.

For 2021, The TRIR required to achieve 100% of the TRIR component of HSE Performance was less than or equal to 1.3 recordable incidents per 200,000 hours worked. A TRIR above 1.7 would result in 0% of the TRIR component being paid, and a TRIR below 0.8 would result in a maximum of 200% of the TRIR component being paid. In 2021, the TRIR for the Corporation was 1.21, resulting in 120% of the TRIR component being paid.

The LTF required to achieve 100% of the LTF component of HSE Performance metric was a rate of less than or equal to 0.25 measured by the number of injuries which resulted in an employee being unable to perform their duties on the day or shift following the date of incident per 200,000 hours worked. An LTF above 0.55 would result in 0% of the LTF component being paid, and an LTF below 0.2 would result in a maximum of 200% of the LTF component being paid. In 2021, the LTF for the Corporation was 0.25 resulting in the target 100% of the LTF component being paid.

Based on the foregoing LTF and TRIR results, along with the Corporation achieving a relative TSR of 58.8%, relative ROCE of 70.6% and the Compensation, Governance and Nominating Committee determining that the Executive NEO's satisfied the Governance LTIP Target, the Executive NEO's long-term incentive plan multiplier was set at 1.74 times the 2021 Salary for each Executive NEO, payable in RSUs vesting in thirds annually, as reflected by the amounts paid under the heading "*Summary Compensation Table*" below.

RSUs awarded to the NEOs by the Board, on the recommendation of the Compensation, Governance and Nominating Committee, in respect of the 2021 long-term incentive award will all vest on a one third basis over a three-year period ending on December 31, 2024 and are anticipated to be settled in shares upon vesting.

For 2022, the TRIR required to achieve 100% of the TRIR component of HSE Performance will be less than or equal to 1.2 recordable incidents per 200,000 hours worked. A TRIR above 1.4 will result in 0% of the TRIR component being paid, and a TRIR below 0.7 will result in a maximum of 200% of the TRIR component being paid. The LTF required to achieve 100% of the LTF component of the HSE Performance metric will be 0.2 to achieve 100%, with an LTF of 0.45 or higher resulting in a 0% multiplier, and an achievement of 0.15 or lower resulting in a 200% multiplier. Linear scaling will be used to calculate the TRIR and LTF multiplier between 0% and each respective maximum multiplier.

In addition, the Board, on the recommendation of the Compensation, Governance and Nominating Committee modified the long-term incentive plan criteria for 2022 by replacing the “Good Governance” category with an “Environmental, Social and Governance” (“**ESG**”) category. The Compensation Committee will evaluate Management’s progress and deliverables regarding the measurement, tracking and improvement of relevant ESG related metrics for the Corporation.

The following chart outlines the weighting of each of the above criteria along with the corresponding vesting schedule in respect of RSUs granted under the long-term incentive plan for 2022:

Performance Criteria	Weighting	Vesting Schedule
TSR	25%	1/3 Per Year
ROCE	25%	1/3 Per Year
HSE	25%	1/3 Per Year
ESG	25%	1/3 Per Year

The LTIP Target and maximum amounts payable thereunder remain unchanged for 2022. This will result in a target ratio of 70/30 for the 2022 STIP Target and 2022 LTIP Target respectively, for a total of 4.5 times base salary for the short-term and long-term incentive plans collectively.

The Compensation, Governance and Nominating Committee and the Board do not consider previous grants when considering new grants. If the Compensation, Governance and Nominating Committee and the Board are satisfied that the performance criteria set out above under the long-term incentive plan are met, the Board will approve the award of RSUs to the Executive NEOs. For clarity, under the long-term incentive plan, the performance criteria set out above must first be achieved prior to Board approval of the award of RSUs.

Benefits

CES supports a traditional employee benefit plan consisting of health and dental care and various forms of life and disability insurance. The NEOs are eligible to participate in the same benefits as are offered to all full-time employees. The Corporation does not view these benefits as a significant element of its compensation structure, but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Sialco Annual Bonus

In addition to the Sialco President’s base salary, Mr. Hallat is eligible to receive the Sialco Annual Bonus based on Sialco’s financial performance during each fiscal year. The general formula the Sialco Annual Bonus has been in place since the Corporation’s acquisition of Sialco in 2015 and provides for a bonus pool based on the satisfaction of certain annual EBITDAC amounts generated, which is then allocated between management and employees of Sialco. The Sialco Annual Bonus requires that a threshold EBITDAC amount is achieved before any bonus is paid, with a sliding scale that increases relative to

EBITDAC generated, to a maximum amount. The required EBITDAC amounts are reviewed by the President and CEO and amended from time to time to ensure that the incentives are reflective of the size and financial performance of Sialco. The Sialco President's Sialco Annual Bonus is disclosed below under "Summary Compensation Table".

Compensation of the President and Chief Executive Officer

Mr. Zinger's annual compensation, long-term compensation and other compensation are disclosed below under "Summary Compensation Table". Mr. Zinger currently significantly exceeds the amount of ownership required under the Corporation's share ownership requirements. See "Executive Share Ownership Requirements".

Executive Share Ownership Requirements

To align executive and shareholder interests, all of the Corporation's Executive NEOs, must meet minimum share ownership requirements. The minimum share ownership requirements reflect the executive's compensation and position and may be satisfied through holdings of Common Shares, RSUs and vested Incentive Rights. Newly appointed executives have three years to meet the share ownership requirements.

Due to the relative size of Sialco within the Corporation, the Sialco President is not required to maintain minimum share ownership requirements at this time.

The table below summarizes the minimum ownership requirements by level:

EXECUTIVE LEVEL	MINIMUM OWNERSHIP REQUIREMENT
CEO	Six (6x) times annual base salary
CFO	Five (5x) times annual base salary
Division Presidents	Three (3x) times annual base salary
Sialco President	No minimum ownership requirement

The following table sets out the NEOs share ownership as against the foregoing minimum share ownership guidelines:

NAME	SHARE OWNERSHIP GUIDELINES	SHARE OWNERSHIP OF NEOs AT DECEMBER 31, 2021					REQUIREMENT MET (✓) OR VALUE (\$) REQUIRED TO MEET REQUIREMENT
	MULTIPLE OF BASE SALARY	DIRECTLY HELD COMMON SHARES (\$) ⁽¹⁾	SHARE UNITS (\$) ⁽²⁾	TOTAL OWNERSHIP (\$)	TOTAL OWNERSHIP MULTIPLE OF SALARY		
Kenneth E. Zinger	6	2,740,583 ⁽³⁾	3,007,864	5,748,449,106,074	12.2	✓	
Anthony M. Aulicino	5	735,024	2,166,570	2,901,594	6.4	✓	
Richard L. Baxter	3	1,451,239	2,809,035	4,260,274	9.5	✓	
Vernon J. Disney	3	4,845,105	2,809,035	7,654,140	17.0	✓	
Michael Hallat ⁽⁴⁾	N/A	225,549	41,047	266,596	N/A	N/A	

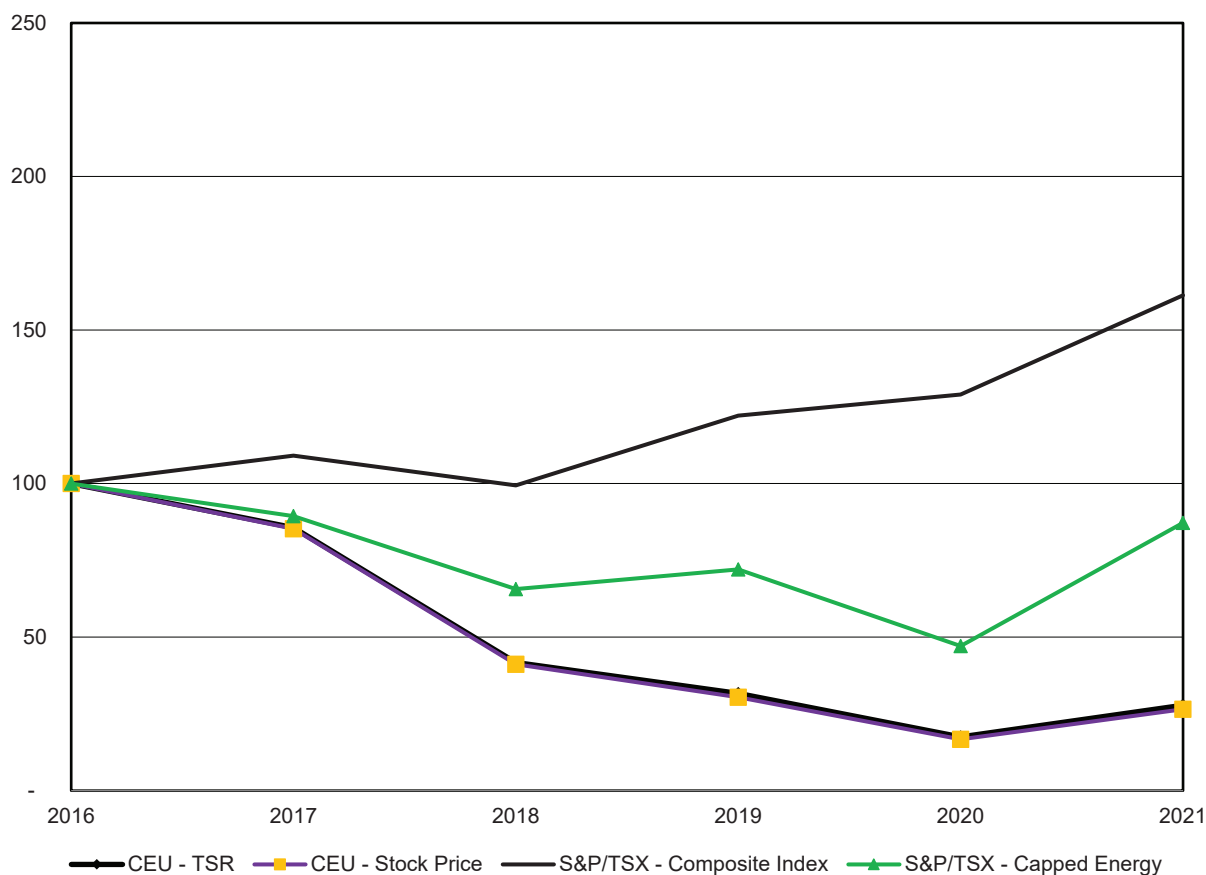
Notes:

- (1) Based on the closing price on the TSX of the Common Shares of \$2.03 on December 31, 2021.
- (2) "Share Units" includes RSUs and Incentive Rights.
- (3) Includes: (a) 105,768 Common Shares held by Mr. Zinger's spouse; and (b) 512,800 Common Shares held by a corporation controlled by Mr. Zinger. The Corporation was advised by Mr. Zinger that, following an audit of Mr. Zinger's holdings, it was determined that the total Common Shares held by Mr. Zinger was inconsistent with the disclosure of his holdings in the System for Electronic Disclosure by Insiders ("**SEDI**"), which overstated the number of Common Shares held by 668,781 in aggregate. On May 11, 2022, Mr. Zinger filed a correction in SEDI to correct the error. The number of Common Shares held by Mr. Zinger and reflected in this Information Circular is consistent with the corrected SEDI filing.
- (4) Mr. Hallat is not required to meet specific minimum share ownership requirements at this time.

Performance Graph

The following graph illustrates changes from January 1, 2017 to December 31, 2021 in the cumulative Shareholder return, assuming an initial \$100 investment in the Common Shares with all cash distributions reinvested at the payment date of such distributions, compared to the cumulative return of the S&P/TSX Composite Index and the Oil & Gas Equipment & Services Index.

Performance and Shareholder Return



The trend shown in the above graph does not necessarily correspond to CES' compensation to its Executive NEOs for the period ended December 31, 2021 or for any prior fiscal periods. The Corporation's executive compensation is reviewed annually and is set by the Board of Directors upon the recommendation of the Compensation Committee.⁵ In connection with its determination of appropriate levels of compensation, the Compensation Committee and the Board consider a number of factors, all of which are discussed above under "*Executive Compensation – Compensation Discussion and Analysis*" in the 2021 Information Circular.

Beginning in 2019, the Compensation, Governance and Nominating Committee and the Board have incorporated relative TSR as a component of the Corporation's long-term incentive plan which is further discussed under the heading "*Executive Compensation – Compensation Discussion and Analysis – Long Term Incentive Plan*".

The trading price of the Common Shares on the TSX is subject to fluctuation based on several factors, many of which are outside the control of the Corporation. These include, but are not limited to, fluctuations and volatility in commodity price markets for oil and natural gas and natural gas liquids, input costs relating to products used in connection with the Corporation's services, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors, some of which are disclosed and discussed under the heading "*Risk Factors*" in the Corporation's Annual Information Form for the year ended December 31, 2021.

⁵ Prior to March 10, 2022, the Corporation's executive compensation was reviewed annually by the Compensation, Governance and Nominating Committee.

Summary Compensation Table

The following table sets forth the total compensation of the Named Executive Officers for the last three financial years.

Name and Position	Year	Salary (\$)	Share-Based Awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
Kenneth E. Zinger ⁽⁴⁾ President & Chief Executive Officer	2021	470,833	1,110,024 ⁽⁵⁾	1,806,793	8,136	3,095,786
	2020	366,667	999,483	757,969	9,290	2,133,409
	2019	400,000	1,526,747	777,032	18,431	2,722,210
Anthony M. Aulicino Chief Financial Officer	2021	450,000	881,093 ⁽⁶⁾	1,742,264	18,336	2,991,693
	2020	366,667	999,483	757,969	19,490	2,126,942
	2019	400,000	954,216	485,645	24,806	1,864,667
Richard L. Baxter President, US Drilling Fluids	2021	450,000	881,093 ⁽⁶⁾	1,742,264	41,559	3,014,916
	2020	366,385	999,483	757,969	35,009	2,158,846
	2019	400,000	1,526,747	777,032	10,478	2,714,257
Vernon J. Disney President, US Production Chemicals	2021	450,000	881,093 ⁽⁶⁾	1,742,264	14,462	2,987,820
	2020	405,581	999,483	757,969	32,297	2,195,330
	2019	400,000	1,526,747	777,032	40,885	2,744,664
Michael Hallat President - Sialco	2021	250,000	nil	475,000	22,747	747,747
	2020	250,000	nil	420,000	21,006	691,006
	2019	250,000	nil	168,000	22,732	539,760
Thomas J. Simons ⁽⁷⁾ Former President & Chief Executive Officer	2021	458,082	nil	900,000	4,806,796 ⁽⁸⁾	6,164,878
	2020	450,000	1,213,659	920,391	180,798	2,764,848
	2019	500,000	1,908,432	971,290	117,056	3,496,778

Notes:

- (1) Consists of RSUs granted under the RSU Plan in respect of services performed in the referenced financial year, which grants are made following the end of the referenced year in respect of the long-term incentive plan, plus a one-time grant of RSUs made in respect of the management transition relating to the departure of Mr. Simons as detailed in footnote (5) and (6) below. See "Share Based Compensation Plans" for a description of the terms of the RSU Plan. Amounts represent the fair value based on the five day volume weighted average trading price of the Common Shares on the TSX on the day immediately preceding the date the Board of Directors approved the grant of RSUs. For share-based awards granted in respect of 2021 performance, the Board of Directors approved the grant of RSUs on March 10, 2022 using a five-day volume weighted average trading price of \$2.6416. In accordance with the Corporation's standard blackout period, the actual grant date for the share-based awards granted in respect of 2021 performance was March 15, 2022, and the five-day volume weighted average price used for accounting purposes under IFRS was \$2.67.
- (2) Represents the cash bonus awards paid to the Named Executive Officers. Bonuses declared for the respective fiscal year were paid in the following calendar year.
- (3) Represents all other employer-paid employee benefits and taxable perquisites.
- (4) Mr. Zinger is a director of the Corporation but was not compensated by the Corporation for his services in his capacity as a director during the most recently completed financial year, other than reimbursement for out-of-pocket expenses for attending meetings of the Board of Directors.
- (5) Includes a one-time grant of \$300,000 RSUs on November 15, 2021, calculated using the five-day volume weighted average trading price of \$2.04 ending on November 10, 2021.

- (6) Includes one-time grant of \$100,000 RSUs on November 15, 2021, calculated using the five-day volume weighted average trading price of \$2.04 ending on November 10, 2021.
- (7) Mr. Simons employment with the Corporation ended on October 31, 2021.
- (8) Represents payments made to Mr. Simons pursuant to the terms of his executive employment agreement relating to the termination of his employment with the Corporation.

Outstanding Incentive Rights and RSUs as at December 31, 2021

The following tables set forth all outstanding awards held by the Named Executive Officers as at December 31, 2021 under the SRIP and RSU Plan.

Name	SRIP-based Awards				Share-based Awards		
	Number of securities underlying unexercised Incentive Rights (#)	Incentive Right exercise price (\$)	Incentive Right expiration date	Value of unexercised in-the-money Incentive Rights ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kenneth E. Zinger	Nil	Nil	Nil	Nil	1,481,707	3,007,865	Nil
Anthony M. Aulicino	Nil	Nil	Nil	Nil	1,067,276	2,166,570	Nil
Richard L. Baxter	90,000	5.61	15-Aug-22	Nil	1,383,761	2,809,035	Nil
Vernon J. Disney	Nil	Nil	Nil	Nil	1,383,761	2,809,035	Nil
Michael Hallat	Nil	Nil	Nil	Nil	15,727	41,047	Nil

Notes:

- (1) The value of the unexercised in-the-money Incentive Rights as at December 31, 2021 has been determined based on the closing price of the Common Shares on the TSX on December 31, 2021 of \$2.03 per Common Share being less than the exercise price of such Incentive Rights.
- (2) The value of the unvested RSUs as at December 31, 2021 has been determined based on the closing price of the Common Shares on the TSX on December 31, 2021 of \$2.03 per Common Share.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets forth for each NEO: (i) the value of Incentive Rights vested during the year ended December 31, 2021; and (ii) the value of RSUs vested and redeemed during the year ended December 31, 2021. The value of vested Incentive Rights is calculated based on the difference between the closing price of the Common Shares on the vesting dates and the exercise price of the Incentive Rights. The value of the RSUs vested and redeemed is based on the five-day volume weighted average trading price of the Common Shares on the TSX prior to the date of redemption.

Name	SRIP-based awards- Value vested during the year (\$)	Share-based awards-Value vested during the year (\$)
Kenneth E. Zinger	Nil	1,036,204
Anthony M. Aulicino	Nil	601,950
Richard L. Baxter	Nil	939,409
Vernon J. Disney	Nil	939,409
Michael Hallat	Nil	29,231

Termination and Change of Control Benefits

Executive Employment Agreements

General

The Corporation has executive employment agreements (the “**Executive Employment Agreements**”) with each of the NEOs. The Executive Employment Agreements are for an indefinite term, until terminated by the Corporation or a NEO pursuant to the terms and conditions of the respective Executive Employment Agreement. The Executive Employment Agreements contain non-competition and non-solicitation provisions that restrict the NEOs from directly or indirectly competing with the Corporation or soliciting business from clients of the Corporation for a prescribed period of time (the “**Restrictive Period**”). The Restrictive Period is for the Executive NEOs is eighteen (18) months following the termination of their respective Executive Employment Agreement and for the Sialco President, twelve (12) months following the termination of his Executive Employment Agreement.

For the purposes of the Executive Employment Agreements, a “**Change of Control**” means, in the case of Messrs. Zinger and Aulicino: (i) the acceptance, by the beneficial owners of voting units (“**Voting Units**”) of Canadian Energy Services L.P. (the “**Partnership**”) representing in the aggregate 50% or more of all issued and outstanding Voting Units, of any offer for all or any of the Voting Units, provided that no Change of Control shall be deemed to have occurred if upon completion of any such transaction, individuals who were members of the Board of Directors immediately prior to the effective date of such transaction constitute a majority of the Board of Directors following such effective date; (ii) the acquisition by a person (or two or more persons acting jointly or in concert, directly or indirectly) of beneficial ownership of outstanding securities, other interests or rights to acquire securities, which, together with such person’s then owned outstanding securities, other interests or rights to acquire securities, result in that person or persons being in a position to exercise effective control of the Partnership or the Corporation (i.e. such person or group of persons holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests), except where such acquisition is part of a bona fide reorganization of the Corporation in circumstances where the affairs of the Corporation are continued, directly or indirectly; (iii) the sale, lease or exchange by the Partnership of all or substantially all of its assets (other than to an affiliate of the Partnership in circumstances where the affairs of the Partnership are continued, directly or indirectly); (iv) the passing of a resolution by the Board of Directors or the beneficial owners of Voting Units to substantially liquidate the assets or wind up the Partnership or significantly rearrange the affairs of the Partnership in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding up or re arrangement, except where such resolution is part of a bona fide reorganization of the Partnership in circumstances where the affairs of the Partnership are continued, directly or indirectly; or (v) any other event which in the opinion of the Board of Directors reasonably constitutes a Change of Control.

In the case of Messrs. Baxter, Disney and Hallat a “**Change of Control**” means: (i) the acceptance of any offer for all or any of the Common Shares by the holders of Common Shares of 50% or more of the issued and outstanding Common Shares, provided that no Change of Control shall be deemed to have occurred if upon completion of any such transaction, individuals who were members of the Board of Directors immediately prior to the effective date of such transaction constitute a majority of the Board of Directors following such effective date; (ii) the acquisition by a person (or two or more persons acting jointly or in concert, directly or indirectly) of beneficial ownership of outstanding securities, other interests or rights to acquire securities, which, together with such person’s then owned outstanding securities, other interests or rights to acquire securities, result in that person or persons being in a position to exercise effective control of the Corporation (i.e. such person or group of persons holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests), except where such acquisition is part of a bona fide reorganization of the Corporation in circumstances where the affairs of the Corporation are continued, directly or indirectly; (iii) the sale by the Corporation of all or substantially all of its assets (other than to an affiliate of the Corporation in circumstances where the affairs of the Corporation are continued, directly or indirectly); (iv) the passing of a resolution by the Board of Directors or the Common Shareholders to substantially liquidate the assets or wind up the Corporation or significantly rearrange the affairs of the

Corporation in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding up or re arrangement; or (v) any other event which in the opinion of the Board of Directors reasonably constitutes a change of control.

For the purposes of the Executive Employment Agreements for the Executive NEOs, “**Severance Period**” means a period of eighteen (18) months’ notice or pay in lieu of notice, in the Corporation’s discretion, and for the Sialco President, means a period of twelve (12) months’ notice or pay in lieu of notice, in the Corporation’s discretion.

Termination Without Cause or Termination Following Change of Control and Good Reason

If an Executive NEO: (i) is terminated without cause; or (ii) terminates his Executive Employment Agreement following a Change of Control of the Corporation and for “good reason”, including a loss of position or reduction in salary and benefits (collectively, a “**Change of Control Reason**”), such Executive NEO may, within 180 days following the Change of Control, provide the Corporation with 60 days’ written notice and be entitled to: (i) his base salary and employee benefits and perquisites to the conclusion of the Severance Period; (ii) an amount equal to the average bonus paid to such Executive NEO each year over the three previous years multiplied by 1.5; and (iii) the vesting of any RSUs, granted to the Executive NEO prior to the Executive NEOs termination date which remain unvested and would have otherwise vested during the Severance Period, which shall be deemed to have vested on the date of such Executive NEOs termination and therefore redeemable for Common Shares.

If the Sialco President is terminated without cause, the Corporation shall pay to the Sialco President: (i) his base salary and employee benefits and perquisites to the conclusion of the Severance Period; (ii) provided the Sialco President is employed for the first six (6) months of the applicable fiscal year, the Sialco Annual Bonus based on the projected EBITDAC, prorated for the number of days the Sialco President was employed by Sialco in the applicable fiscal year; and (iii) the vesting of any RSUs in accordance with the termination provisions contained in the RSU Plan. If the Sialco President terminates his Executive Employment Agreement for a Change of Control and a Change of Control Reason, the Sialco President may, within 180 days following the Change of Control, provide the Corporation with 90 days’ written notice and be entitled to his base salary and employee benefits and perquisites to the conclusion of the Severance Period.

Termination for Good Reason

If an Executive NEO terminates his Executive Employment Agreement following: (i) the assignment of any duties inconsistent with such Executive NEO’s status as an executive officer of the Corporation or a material alteration in the nature or status of such Executive NEO’s responsibilities or duties or reporting relationship; (ii) a reduction by the Corporation in such Executive NEO’s base salary or other remuneration; (iii) the elimination of such Executive NEO’s bonus; (iv) a material reduction by or as a result of action by the Corporation in such Executive NEO’s employment benefits; (v) the Corporation requiring such Executive NEO to be based anywhere other than as provided for in his Executive Employment Agreement, excepting business travel obligations in the ordinary course of business; (vi) failure by the Corporation to pay to such Executive NEO any non-discretionary bonus to which such Executive NEO is entitled from time to time on or before four (4) months from the end of the period to which the bonus relates; or (vii) the failure of the Corporation or the Partnership to obtain a satisfactory agreement from a successor to assume and agree to perform the Executive Employment Agreement (each circumstance constituting “**Good Reason**”), such Executive NEO is entitled to: (i) their base salary and employee benefits and perquisites to the conclusion of the Severance Period; (ii) an amount equal to the average bonus paid to the Executive NEO each year over the three previous years multiplied by 1.5; and (iii) the vesting of any RSUs, granted to the Executive NEO prior to the Executive NEO’s termination date which remain unvested and would have otherwise vested during the Severance Period, which shall be deemed to have vested on the termination date and therefore redeemable for Common Shares. The Corporation remains liable to the Executive NEO for payment of any non-discretionary bonus to which the Executive NEO was entitled on the date of issuance by the Executive NEO of the notice of termination.

Termination for Cause and Voluntary Resignation

Under the Executive Employment Agreements, in the event of a termination for cause or upon notice of the voluntary resignation of an NEO, the Corporation is not obligated to pay any further compensation from the date of termination, provided that the Corporation has paid the NEO their salary, benefits and out of pocket expenses earned up to the date of termination.

Death or Permanent Disability

If an NEO's employment is terminated due to death, his estate is entitled to receive (1) any unpaid annual salary, less required deductions, owing up to and including the date of death; (2) all outstanding vacation pay; and (3) expense reimbursements and bonus where: (i) if the NEO dies between the date of the Corporation's fiscal year end and the bonus payment date, the Corporation shall pay to the estate an amount in cash equal to 100% of the bonus that would otherwise have been payable to the NEO for the fiscal year ended, less required deductions; or (ii) if the bonus has not yet been determined in the year of the NEO's death, the Corporation shall pay to the estate a pro-rata amount in cash, calculated by dividing the number of days worked by the NEO in the fiscal year in question by the total number of working days in that fiscal year.

If an NEO suffers a permanent disability, the Corporation may terminate his Executive Employment Agreement after exhaustion of the Corporation's short-term disability coverage by providing 60 days' notice. Upon termination as a result of permanent disability, such NEO continues to be entitled to such insurance benefits as the NEO is qualified to receive pursuant to any long term disability plan and to any benefit or entitlement under any pension plan of the Corporation or any executive superannuation undertakings in which the NEO participates and is qualified to receive. Additionally, if the NEO suffers a permanent disability between the date of the Corporation's fiscal year end and the bonus payment date, the Corporation shall pay to the NEO an amount in cash equal to 100% of the bonus that would otherwise have been payable to the NEO for the fiscal year ended, less required deductions. If the bonus has not yet been determined in the year of the NEO's permanent disability, the Corporation shall pay to the NEO a pro-rata amount in cash, calculated by dividing the number of days worked by the NEO in the fiscal year in question by the total number of working days in that fiscal year.

Estimated Payments

The following table sets forth the estimated incremental payments under the Executive Employment Agreements that would have been required to have been made to the NEO had a NEO either been (i) terminated without just cause; (ii) entitled to terminate his or her employment within 180 days of a Change of Control and for a Change of Control Reason; or (iii) for the Executive NEO's, entitled to terminate his or her employment for Good Reason, and in each case had such events occurred on December 31, 2021.

**Estimated Incremental Payments as of December 31, 2021
Termination Without Cause, Termination Following a Change of Control and Change of Control Reason, or Termination for Good Reason**

Name	(\$)
Kenneth E. Zinger	4,057,477
Anthony M. Aulicino	3,562,839
Richard L. Baxter	4,029,632
Vernon J. Disney	3,988,988
Michael Hallat	747,747 ⁽¹⁾

(1) The Sialco President is only entitled to receive the estimated payment if he elects to terminate employment following a Change of Control and Change of Control Reason

SRIP and RSU Plan

As described under “*Share Based Compensation Plans – Terms of the SRIP*” and “*Share Based Compensation Plans – Terms of the RSU Plan*”, the SRIP and the RSU Plan, in conjunction with the Executive Employment Agreements provide for the accelerated vesting of outstanding Incentive Rights and RSUs in certain circumstances, including in connection with certain change of control transactions or termination events.

The following table provides details of the value of accelerated Incentive Rights and RSUs held by the NEOs as at December 31, 2021 assuming the occurrence of the noted triggering event as at December 31, 2021. The value of the accelerated Incentive Rights has been calculated based on the difference between the exercise price of the Incentive Rights and the closing price of the Common Shares on the TSX on December 31, 2021 of \$2.03. The value of the accelerated RSUs has been calculated by multiplying the number of RSUs held by the Named Executive Officer by the closing price of the Common Shares on the TSX on December 31, 2021 of \$2.03.

Name	Triggering Event	Value of Accelerated Incentive Rights (\$)	Value of Accelerated RSUs (\$)
Kenneth E. Zinger	Termination Without Cause or Change of Control	Nil	1,506,914
	Termination for Change of Control Reason	Nil	1,506,914
	Termination for Good Reason	Nil	1,506,914
	Termination for Cause and Voluntary Resignation	Nil	Nil
	Termination on Death or Permanent Disability	Nil	Nil
Anthony M. Aulicino	Termination Without Cause or Change of Control	Nil	864,449
	Termination for Change of Control Reason	Nil	864,449
	Termination for Good Reason	Nil	864,449
	Termination for Cause and Voluntary Resignation	Nil	Nil
	Termination on Death or Permanent Disability	Nil	Nil
Richard L. Baxter	Termination Without Cause or Change of Control	Nil	1,506,914
	Termination for Change of Control Reason	Nil	1,506,914
	Termination for Good Reason	Nil	1,506,914
	Termination for Cause and Voluntary Resignation	Nil	Nil
	Termination on Death or Permanent Disability	Nil	Nil
Vernon J. Disney	Termination Without Cause	Nil	1,506,914
	Termination for Change of Control Reason	Nil	1,506,914
	Termination for Good Reason	Nil	1,506,914
	Termination for Cause and Voluntary Resignation	Nil	Nil
	Termination on Death or Permanent Disability	Nil	Nil
Michael Hallat	Termination Without Cause	Nil	17,590
	Termination for Change of Control Reason	Nil	17,590
	Termination for Cause and Voluntary Resignation	Nil	Nil
	Termination on Death or Permanent Disability	Nil	Nil

DIRECTORS' COMPENSATION

Overview

The Board of Directors, through the Compensation Committee, is responsible for developing and implementing the directors' compensation plan. The main objectives of the directors' compensation plan are to:

- compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in Board of Directors and committee membership, and competitive with other comparable public issuers; and
- align the interests of the directors with the Shareholders.

Unlike compensation for the NEOs, the directors' compensation plan is not designed to pay for performance; rather, directors receive equity-based compensation and retainers for their services and meeting fees paid in cash in order to help ensure unbiased decision-making.

In response to deteriorating market conditions as a result of COVID-19 and related market disruptions, the Corporation instituted retainer reductions for members of the Board. Effective May 1, 2020, Board retainers were reduced by 12.5% as follows:

Fee	Fee Amount (Prior to May 1, 2020) (\$)	Fee Amount (After May 1, 2020) (\$)	Fee Amount (After January 1, 2021)
Annual Retainer for Board member	\$25,000	\$21,875	\$75,000
Meeting Fee for Board and Committee Meetings (in person)	\$1,500	\$1,313	\$1,500
Meeting Fee for Board and Committee Meetings (via conference call)	\$1,000	\$875	\$1,000
Annual Retainer for Chair of the Board	\$50,000	\$43,750	\$50,000
Annual Retainer for Chair of the Audit Committee	\$12,000	\$10,500	\$12,000
Annual Retainer for Chair of the Compensation and Governance Committee	\$9,000	\$7,875	\$9,000
Annual Retainer for Chair of the HS&E Committee	\$9,000	\$7,875	\$9,000

For 2022, the annual retainer for the Chair of the Compensation Committee and for the Chair of the Corporate Governance and Nominating Committee will be \$9,000. All other fee amounts will remain the same as for 2021.

For US based directors, the above retainers and meeting fees are paid in US Dollars. The Corporation also reimburses the directors for out-of-pocket expenses for attending meetings. No compensation was paid to Mr. Simons or Zinger in their respective capacity as a director of the Corporation.

Pursuant to the DCA, directors may elect to receive their annual retainer and meeting fees in the form of Common Shares instead of cash. If a director elects to receive any portion of his or her annual retainer or meeting fees in the form of Common Shares, the number of Common Shares to be issued will be determined net of withholding taxes and based on the five day volume weighted average trading price of Common Shares prior to each payment date, subject to the Corporation's trading policy.

Summary Compensation Table

The following table summarizes the compensation paid, payable, awarded or granted for 2021 to each of the non-management directors of the Corporation in 2021.

Name ⁽¹⁾	Fees earned ⁽²⁾ (\$)	SRIP-based awards	Share-based awards ⁽³⁾ (\$)	All other compensation (\$)	Total (\$)
Philip J. Scherman	130,500	Nil	150,000	Nil	280,500
Spencer D. Armour III ⁽⁴⁾	132,871	Nil	150,000	Nil	282,871
Stella Cosby ⁽⁵⁾	117,000	Nil	150,000	Nil	267,000
John M. Hooks ⁽⁶⁾	120,719	Nil	150,000	Nil	270,719
Kyle D. Kitagawa	134,000	Nil	150,000	Nil	284,000

Notes:

- (1) Mr. Zinger does not receive compensation for serving as a director. In addition, Messrs. Hardacre and Wright were not members of the Board of Directors in 2021 and therefore have not been included in the Summary Compensation Table.
- (2) Represents all fees awarded, earned, paid, or payable in cash for services as a director, including annual retainer fees, committee, chair and all meeting fees, including fees paid in the form of Common Shares pursuant to the DCA.
- (3) Consists of RSUs granted under the RSU Plan in respect of services performed in the referenced financial year, which grants are made in March. Each of Messrs. Kitagawa, Armour, Hooks, Scherman and Ms. Cosby were granted 88,024 RSUs respectively on March 10, 2021. The above referenced Share-Based Award amounts represents the fair value based on the five day volume weighted average trading price of the Common Shares on the TSX on the day immediately preceding the date the Board of Directors approved the grant of RSUs, being \$1.704. The grant of RSU awards made to the respective Directors vest quarterly on the first of July, October, January, and April, as determined by the Board of Directors.
- (4) Mr. Armour received his director fees in U.S. dollars. The amount set out above has been converted to Canadian Dollars using the average exchange rate for 2021 provided by the Bank of Canada.
- (5) Ms. Cosby received \$60,840 of her 2021 directors' compensation in Common Shares paid pursuant to the DCA.
- (6) Mr. Hooks received \$63,278 of his 2021 directors' compensation in Common Shares paid pursuant to the DCA.

Outstanding Incentive Rights and RSUs as at December 31, 2021

Directors of the Corporation are entitled to participate in the security-based compensation arrangements of the Corporation, including receiving Incentive Rights under the SRIP and RSUs under the RSU Plan. See "*Share Based Compensation Plans*" above for a description of the SRIP and RSU Plan. The purpose of granting awards under such incentive plans is to assist the Corporation in compensating, attracting, retaining and motivating directors and to align the interests of such persons with those of the Shareholders.

The following table sets forth all outstanding awards held by the non-management directors of the Corporation as at December 31, 2021 under the SRIP and RSU Plan.

Name ⁽¹⁾	SRIP-based Awards				Share-based Awards		
	Number of Common Shares underlying unexercised Incentive Rights (#)	Incentive Rights exercise price (\$)	Incentive Rights expiration date	Value of unexercised in-the-money Incentive Rights (\$)	Number of Shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Philip J. Scherman	Nil	Nil	Nil	Nil	44,351	90,033	Nil
Spencer D. Armour III	Nil	Nil	Nil	Nil	44,351	90,033	Nil
Stella Cosby	Nil	Nil	Nil	Nil	44,351	90,033	Nil
John M. Hooks	Nil	Nil	Nil	Nil	44,351	90,033	Nil
Kyle D. Kitagawa	Nil	Nil	Nil	Nil	44,351	90,033	Nil

Notes:

- (1) Messrs. Hardacre and Wright were not members of the Board of Directors in 2021 and therefore have not been included in the table disclosing all outstanding awards as at December 31, 2021. Subsequent to December 31, 2021, on March 15, 2022 each non-management member of the Board of Directors, including Messrs Hardacre and Wright received a grant of 56,785 RSUs, equal to \$150,000 based on the 5 day volume weighted average price of the Common Shares of the Corporation immediately prior to March 10, 2022.
- (2) The value of the unvested RSUs as at December 31, 2021 has been determined based on the closing price of the Common Shares on the TSX on December 31, 2021 of \$2.03 per Common Share.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets forth for each non-management director: (i) the value of Incentive Rights vested during the year ended December 31, 2021; and (ii) the value of RSUs vested and redeemed during the year ended December 31, 2021. The value of vested Incentive Rights is calculated based on the difference between the closing price of the Common Shares on the vesting dates and the exercise price of the Incentive Rights. The value of the RSUs vested and redeemed is based on the five-day volume weighted average trading price of the Common Shares on the TSX prior to the date of redemption.

Name ⁽¹⁾	SRIP-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 (\$)
Philip J. Scherman	Nil	132,684	Nil
Spencer D. Armour III	Nil	132,684	Nil
Stella Cosby	Nil	132,684	Nil
John M. Hooks	Nil	132,684	Nil
Kyle D. Kitagawa	Nil	132,684	Nil

Notes:

- (1) Messrs. Hardacre and Wright were not members of the Board of Directors in 2021 and therefore have not been included in the table disclosing the value of all incentive plan awards vesting during 2021.

Non-Executive Director Share Ownership Requirements

To align Shareholder interests and the interests of the non-executive directors of the Corporation, all of the non-executive directors must meet a minimum share ownership requirement. The minimum share ownership requirement for the non-executive directors of the Corporation has been set at three times the directors' annual retainer, including the value of any equity-based consideration (whether RSUs, Incentive Rights or otherwise). Newly elected non-executive directors have three years to meet the share ownership requirements.

The table below shows the Common Shares, RSUs and Incentive Rights each non-executive director of the Corporation held as of December 31, 2021:

Director ⁽¹⁾	Total Compensation in 2021 (\$)	Number of Common Shares	Number of RSUs	Number of Incentive Rights	Total number of Common Shares, RSUs and Incentive Rights	Total value of Common Shares, RSUs and Incentive Rights ⁽²⁾ (\$)	Guideline met (✓) or value (\$) required to meet guideline
Philip J. Scherman	130,500	281,559	44,351	Nil	325,910	661,598	✓
Spencer D. Armour III ⁽³⁾	132,871	179,321	44,351	Nil	223,672	454,055	✓
Stella Cosby	117,000	217,301	44,351	Nil	261,652	531,155	✓
John M. Hooks	120,719	1,384,046	44,351	Nil	1,428,397	2,899,647	✓
Kyle D. Kitagawa	134,000	1,686,343	44,351	Nil	1,730,694	3,513,310	✓

Notes:

- (1) Messrs. Hardacre and Wright were not members of the Board of Directors in 2021 and therefore have not been included in the table disclosing Director share ownership requirements as at December 31, 2021
- (2) The value of the RSUs and Incentive Rights as at December 31, 2021 have been determined based on the closing price of the Common Shares on the TSX on December 31, 2021 of \$2.03 per Common Share.
- (3) Mr. Armour received his director fees in U.S. dollars. The amount set out above has been converted to Canadian Dollars using the average exchange rate for 2021 provided by the Bank of Canada.

INDEBTEDNESS OF DIRECTORS AND MANAGEMENT

No director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

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

To the knowledge of the Board of Directors and Management, no person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, no proposed nominee of Management for election as a director of the Corporation and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting, except as otherwise disclosed herein.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Board of Directors and Management, no directors or executive officers of the Corporation, or associate or affiliate of any of the foregoing, has had an interest, direct or indirect, in any material transaction of the Corporation since January 1, 2021 or in any proposed transaction that has

materially affected or would materially affect the Corporation, other than as disclosed in the Corporation's consolidated financial statements for the year ended December 31, 2021 or the Corporation's Annual Information Form, each of which is available on the internet on the Corporation's SEDAR profile at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the internet on the Corporation's SEDAR profile at www.sedar.com. Financial information relating to the Corporation is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2021. Shareholders may contact the Corporation to request copies of the Corporation's financial statements and management's discussion and analysis at Suite 1400, 332 6 Avenue SW, Calgary, AB T2P 0B2, Attention: Mr. Anthony M. Aulicino, Chief Financial Officer.

OTHER MATTERS

As of the date of this Information Circular, the Board of Directors and Management know of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting; however, if any other matter properly comes before the Meeting, proxies in favour of Management nominees will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the directors of the Corporation.

APPENDIX "A"

BOARD OF DIRECTORS TERMS OF REFERENCE

The board of directors (the "**Board**") of CES Energy Solutions Corp. (the "**Corporation**") is responsible for overseeing the conduct of the business of the Corporation and the activities of management of the Corporation.

1. Composition and Operation

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, constituting committees of the Board, determining director compensation, and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of the Corporation 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.

2. Responsibilities

The Board's primary responsibility is for the stewardship of the business of the Corporation and the Board's fundamental objectives are to enhance and preserve long-term value of the common shares ("**Common Shares**") and maintain the dividends thereon and to ensure that the Corporation meets its obligations on an on-going basis and operates in a reliable and safe manner. In performing its duties, the Board may also consider the legitimate interests other stakeholders, such as employees, customers and communities, may have in the Corporation. In broad terms, the stewardship of the business of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination, performance assessment and succession planning, communication planning, and internal control integrity.

3. Specific Duties

The Board's specific duties, obligations and responsibilities fall into the categories outlined below.

(a) Legal Requirements

- (i) The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for properly preparing, approving and maintaining the Corporation's documents and records.
- (ii) The Board has the obligation to:
 - A. manage, or supervise the management of, the business and affairs of the Corporation;
 - B. act honestly and in good faith with a view to the best interests of the Corporation;
 - C. exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances; and
 - D. act in accordance with its obligations contained in the *Business Corporations Act* (Alberta) and the regulations thereunder, the

Corporation's articles and by-laws, as amended from time to time, and other relevant legislation and regulations.

- (iii) The Board has the obligation to consider as a board of directors, and may not delegate to management or to a committee of directors, the following matters:
 - A. submission to the holders of the Common Shares and other classes of shares of the Corporation of any question or matter requiring the approval of the shareholders;
 - B. filling a vacancy among the directors or in the office of auditor;
 - C. appointing additional directors;
 - D. issuing securities except in the manner and on the terms authorized by the Board;
 - E. declaring dividends;
 - F. purchasing, redeeming or otherwise acquiring shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
 - G. paying a commission to any person in consideration of the person's purchasing or agreeing to purchase securities of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for securities of the Corporation;
 - H. approving any management proxy circular relating to a solicitation of proxies by or on behalf of the management of the Corporation;
 - I. approving any take-over bid circular or directors' circular;
 - J. approving any annual or interim financial statements of the Corporation; and
 - K. adopting, amending or repealing by-laws.

(b) Independence

The Board is responsible for implementing appropriate structures and procedures to permit the Board to function independently of management.

(c) Strategy Determination

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management directly or through its committees in approving the business plan by which the Corporation proposes to achieve its goals including:

- (i) considering strategic planning processes and reviewing and approving strategic plans and visions which take into account, among other things, the opportunities and risks of the business of the Corporation on a long-term and short-term basis;

- (ii) reviewing and approving management's business plan to ensure it is consistent with the Corporation's vision; and
- (iii) monitoring performance against both short-term and long-term strategic plans and annual performance objectives.

(d) Managing Risk

The Board is responsible for understanding the principal risks of the business in which the Corporation is engaged, and reviewing whether the Corporation achieves a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

(e) Appointment and Assessment of Senior Management

The Board, upon the recommendation of the Corporate Governance and Compensation Committee, is responsible for:

- (i) appointing the chief executive officer of the Corporation (the "CEO") and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (ii) approving or developing the corporate objectives that the CEO is responsible for meeting and assessing the CEO against those objectives;
- (iii) approving the appointment and remuneration of all officers of the Corporation, upon the recommendation of the Corporate Governance and Compensation Committee; and
- (iv) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

(f) Corporate Social Responsibility, Ethics and Integrity The Board is responsible for:

- (i) taking all reasonable steps to satisfy itself of the integrity of the CEO and management and satisfying itself that the CEO and management create a culture of integrity throughout the organization;
- (ii) approving the Corporation's Code of Business Conduct; and
- (iii) monitoring compliance with the Corporation's Code of Business Conduct.

(g) Reporting and Communication

The Board is responsible for:

- (i) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with shareholders of the Corporation, other stakeholders and the public generally;
- (ii) verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

- (iii) after consultation with the Audit Committee, verifying that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles;
- (iv) verifying the timely reporting of any other developments that have a significant and material effect on the value of the Corporation;
- (v) reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year; and
- (vi) adopting measures for receiving feedback from stakeholders and ensuring appropriate disclosures of the measures are made.

(h) Financial Reporting and Management

The Board will after consultation with and upon recommendation of the Audit Committee:

- (i) approve financial statements and review and oversee compliance with applicable audit, accounting and financial reporting requirements;
- (ii) approve annual operating and capital budgets;
- (iii) approve and revise from time to time a Schedule of Authorities which delegates certain expenditure commitments and signing authorities from the Board to management;
- (iv) satisfying itself that management has an appropriate system in place to ensure the integrity of internal control and management information systems,
- (v) confirming that the Corporation has a system in place for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- (vi) reviewing operating and financial performance results relative to established strategy, budgets and objectives and revising and altering its direction through management in response to changing circumstances; and
- (vii) approving significant changes in accounting practices or policies.

(i) Monitoring and Acting

The Board is responsible for:

- (i) verifying that the Corporation operates at all times within applicable laws and regulations to high ethical and moral standards;
- (ii) approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated;
- (iii) verifying that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (iv) verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace;

(v) reviewing and considering for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy; and

(vi) taking action when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant.

(j) Outside Consultants or Advisors

At the Corporation's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

(k) Review of the Board Terms of Reference

The Board shall assess the adequacy of these Terms of Reference annually and shall make any changes deemed necessary or appropriate.

(l) Other

The Board may perform any other activities consistent with these terms of reference, the Corporation's articles and by-laws, and any other governing laws, as the Board deems necessary or appropriate.