

# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) STANDARD

## PURPOSE & SCOPE

Western Energy Services Corp. (“Western” or the “Company”) recognizes the importance of being responsible environmental stewards, fostering a positive work environment, and conducting business ethically, transparently and with clear governance.

Western prioritizes management of environmental, social, and governance (“ESG”) considerations throughout the business. Western is committed to operating in a safe, respectable, and sustainable manner. In addition, Western follows federal, state, provincial, as well as local laws, and regulations. Western aims to minimize our environmental footprint in all jurisdictions that we operate in.

Across our operations, our team strives to operate without environmental incidents, and to promptly address and satisfactorily resolve any concerns. Western focuses on creating a work environment that prioritizes ethical and responsible operations, thus, safeguarding our employees and the communities in which we operate. To this end, Western prioritizes safe operations built on a culture of responsible operating procedures and reinforced by ongoing training.

Western believes that it has a duty to respect and engage with the communities in which the Company operates, which are also the communities where our employees work and live. As part of this commitment, across all jurisdictions in which we operate, Western engages with and works in close partnership with First Nations groups.

Western is committed to sound governance and is led by an experienced leadership team that reports to a Board of Directors. Integral to Western’s governance is the Company’s policies and procedures for Corporate Governance, Anti-Corruption and Anti-Bribery. Western has also adopted and implemented policies for Environmental Protection, Health and Safety, and Diversity which is described below.

This document is intended to describe Western's values and objectives in respect of ESG matters in more detail and provide further information regarding the strategies and practices that Western is using to implement its ESG-related objectives.

Please direct questions concerning Western’s approach to ESG compliance, policies, and procedures outlined below through the Investor Relations Communication Email at [ir@wesc.ca](mailto:ir@wesc.ca).

## ORGANIZATION STRUCTURE

Western Energy Services Corp. is an oilfield service company that provides contract drilling services through Horizon Drilling in Canada and Stoneham Drilling Corporation in the United States. In addition, Western provides well servicing, and completion services through Eagle Well Servicing in Canada and provides rental services through Aero Rental Services in Canada.

In addition, Western Field Services, located in Leduc, Alberta, provides the critical support roles within Western that makes the organization as efficient and successful on a consistent basis. Western Field Services provides support in the following areas:

- Equipment Quality Control and Equipment Certification
- Equipment Optimization
- Engineering Services
- Procurement
- Equipment Maintenance standards
- Vendor Management

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## CORPORATE GOVERNANCE

Western is led by an experienced leadership team committed to strong corporate governance practices. Western's management spans across Western Canada and the United States (British Columbia, Alberta, Saskatchewan, Manitoba, North Dakota, Colorado, New Mexico, and Texas), working seamlessly in overseeing, and managing resources, and operating responsibly.

Western's management team is in regular communication with its Board of Directors (Board) which provides strategic oversight of the Company and its management team. Western's management and its Board are committed to the sustainability of Western's business model, which includes ESG performance and accountability. Critical business issues, such as safety, compliance, operations, ESG issues and human resources, among others, are typically discussed with the Board on a quarterly basis or more frequently as needed.

As a TSX-listed Canadian reporting issuer, Western is required to provide detailed disclosure regarding its Board's corporate governance practices and the Company's director and executive compensation practices on an annual basis in the Information Circular for its annual general meeting. Western's Board follows all applicable requirements of the TSX and applicable Canadian securities laws and strives to meet or exceed best governance practices as set forth in policies of the Canadian Securities Administrators and policy statements of independent governance organizations and proxy advisory firms. Among other things, a majority of Western's Board is fully independent, has an independent Board chair and an independent Audit Committee and Corporate Governance and Compensation Committee.

The Company has safeguards in place to prevent unapproved, unethical, and unsafe practices, including the following:

- Distribution and annual employee review of the Corporate Policy related to ***Code of Business Conduct and Ethics***.
- The Corporate Governance Committee of the Board provides oversight and verifies compliance within Western.
- Mechanisms for reporting misconduct, any violation of law, breach of policies, or fraud, are addressed through a dedicated email address or phone number and a process for conducting confidential internal investigations when appropriate.
- Regular communications and training for employees, consultants and contractors concerning approved practices, activities, and reporting of any perceived concerns.
- Management has also implemented controls that establishes processes and procedures to prevent fraudulent or illegal activity.

Western's ***Code of Business Conduct and Ethics*** is designed to support full compliance with applicable laws and practical ways we put our values to work every day, applying ethical principles to business decisions that deliver results the appropriate and responsible way.

Western has policies and procedures in place to ensure compliance with applicable laws and has a dedicated compliance team to investigate any reports that can be made anonymously through the Whistleblower Hotline and email methods.

## BUSINESS CONDUCT & ETHICS

Western's Anti-Corruption and Anti-Bribery requirements are included in the ***Code of Business Conduct and Ethics***. These requirements apply to all Western officers and employees and any agents, consultants, business partners or other third parties engaged in operations on behalf of Western.

Western's employees, and contractors are required to complete annual training by reviewing the ***Code of Business Conduct and Ethics*** and providing annual acknowledgement of Western's requirements as part of such training.

Western has established processes and procedures for reporting any perceived Anti-Corruption and Anti-Bribery violations.

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Western's Corporate Governance and Compensation Committee is dedicated to reviewing and investigating any reported violations. In addition, Western utilizes third party legal and advisory resources for assistance in investigations, as deemed necessary.

Western's **Insider Trading Policy** is designed to ensure that the Corporation and all employees within the Corporation meet their obligations under the provisions of the securities laws and stock exchange rules.

### INFORMATION TECHNOLOGY

Western recognizes that cyber security is of primary importance and the Company has systems and processes in place to detect, block, assess and address potential cyber risks and threats.

Western has implemented a comprehensive data and infrastructure cyber-security program as well as an incident response plan. As part of this program, Western conducts regular employee training and has implemented data loss prevention systems through email and network security, along with data and infrastructure backups.

Western has an **IT Acceptable Use Policy** which employees are required to acknowledge and agree to annually. Employees are also informed of changes to IT procedures as they relate to security and provide cyber information and reminders throughout the year.

### ETHICAL & RESPONSIBLE OPERATIONS

Western utilizes industry proven technology to ensure that the policies and procedures which Western has implemented as a part of Western's ESG focus are followed and maintained.

Within Western, the internal systems work together to provide regularly updated data on operations, employee staffing, training, finance and HSE reporting. Western has dedicated teams that monitor our HSE performance, our invoicing, and our accounts receivables. Updates are provided to Western's management team on a daily and weekly basis.

To establish premium equipment standards in the construction of drilling and service rig technology, all newly built rigs have been designed, built, and monogrammed to API (American Petroleum Institute) Standards.

Western's rig designs allow for rig move efficiencies as the equipment is transported from well to well. The best example of this would be the integration of Rig Move Walking Systems that allow the drilling rig to move within a multi-well pad without the assistance of trucks. This reduces transportation costs and increases the efficiencies of the rig move by reducing the costs and labour needed to disassemble and reassemble the rig for each rig move.

Western has rigs equipped with "Power on Demand" technology. Within this technology, generators are programmed to run at peak efficiency, with engines that start and shut off as needed. This results in an estimated 30% savings in fuel, less maintenance, and lower emissions overall.

Past drilling history has demonstrated that Horizon Drilling, a division of Western Energy Services Corp., drills 30% more meters per day than other contractors. This efficiency has a direct impact on the fuel consumption and cost savings for each well drilled.

Further cost savings are achieved by working with our customers to drill horizontal oil and gas wells. The benefit of using this technology is the ability to access longer production zones and gain more production at a fraction of the cost. In addition, the horizontal drilling technology allows our customers to access sub-surface areas that may not be accessible by drilling vertical wells, such as environmentally sensitive areas.

Within Eagle Well Servicing, a division of Western Production Services, the service rigs and transport equipment have been equipped with new Tier 3 Spec Engines. With these engines in place, Eagle meets or exceeds the current emission standards for Canada and the United States. In addition, all truck mounted service rigs have been equipped to meet On-Highway Emission Standards.

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Where application makes the most sense, Western has retrofitted multiple engines with dual-fuel conversion kits. With these conversion kits in place, the rig can maintain operations and reduce the support of fuel trucks transporting fuel to site. The supplement of Natural Gas reduces fuel costs and emissions, resulting in cost savings to the customer and reduces the environmental footprint of Western and our customers.

To reduce the risk of environmental releases while performing activities on site, buildings have been designed to incorporate spill containment systems in the floors. In addition, rigs have been equipped with spill kits. These design features ensure our rigs are equipped for rapid spill response and mitigate the potential for serious spills to occur.

Where applicable, Western has designed and installed noise mitigation measures on our rigs operating near residents. We recognize that we need to work with our community partners. Reducing the noise emissions from our operations assists in maintaining a positive engagement in the community.

### ENVIRONMENTAL STEWARDSHIP

Within Western's **Environmental Policy**, Western is committed to protecting the environment and maintaining the highest standards in public health, safety, and protecting the quality of the global environment for future generations.

Western is further committed to ensuring all applicable regulatory environmental protection requirements are met or exceeded. In addition, environmental considerations are integrated with business planning and equipment designs.

All facilities within Western have undergone environmental site assessments, regulatory inspections and compliance reviews for permits, training, facility operations, and security. These assessments and compliance reviews are conducted monthly, quarterly, and annually. In addition, Western's Operations Teams, HSE Teams and field employees perform inspections for all facilities, drilling rigs, and service rig operations.

Western employs several initiatives and technology to both monitor and limit our environmental impact. Western operates under Spill Prevention, Containment, and Countermeasure (SPCC) Plans and environmental controls defined within the HSE Manuals. There are training requirements associated with each plan that address spill prevention and response, waste management (hazardous waste, non-hazardous waste, and universal waste) and waste minimization.

Western works with reputable service providers to assist with the planning and tracking of our well control drills and operational audits. Our operations adhere to a uniform set of standards. The Company's internal HSE Assessments and Inspections ensure that Western's operations have specific procedures in place for all well-control related activities. These activities include monitoring the wells while tripping pipe, drilling ahead, and during well shut-in and kill procedures. Well control equipment maintenance, inspections and testing programs are also reviewed as part of the Western's internal assessment process.

Western conducts routine environmental and safety training sessions with employees, and contractors. In addition, Western utilizes internal resources to track and monitor vendors' operational, safety and environmental compliance.

### HEALTH & SAFETY MANAGEMENT

Western is committed to providing and maintaining a healthy and safe workplace for our employees through a comprehensive Health, Safety and Environmental (HSE) Program.

To ensure that Western has met its responsibilities for matters relating to Health, Safety and the Environment, the Board of Directors has established and maintains a Health, Safety and Environment Committee. This committee meets on a quarterly basis, receives HSE updates from the business through this committee and then reports to the Board of Directors.

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Western has an experienced and educated Health, Safety and Environmental staff and, where required, employ third-party resources who regularly review Western's procedures and operations for HSE compliance and conduct training of Western's employees and contractors.

Western has a **Health, Safety and Environment Policy** and regularly conducts training with all employees and provides updates on such policies. Western's experienced health and safety staff regularly meet with industry peers and applicable industry associations to ensure Western is adhering to best practices in our operations. Western's HSE team also engages in industry regulation review to understand and support the appropriate regulations developed and implemented within the Company's jurisdictions.

Western is committed to managing our assets and operating in a manner that protects the health and safety of employees, contractors, communities, partners, and the environment. The HSE programs address rig mobilization and demobilization, day-to-day drilling operations, and well-servicing operations and abandonments.

All field personnel receive company and site-specific orientations before commencing work. The orientation includes the methods to control or eliminate recognized hazards and the avoidance of conditions that can lead to illness or injury. All personnel are required to use appropriate personal protective equipment and safety equipment in all operations where there is exposure to hazardous conditions or where the use of such equipment/devices reduces the risk of personal injury.

Western utilizes the **Job Safety Analysis (JSA) process**, which is a useful tool for hazard identification and risk communication. The JSA process is used to identify hazards before a procedure begins or during an on-going procedure when the process changes. It is also used to provide training to employees on hazard identification. Once hazards have been identified, steps are taken to eliminate or reduce the hazards to a risk level that is acceptable to Western.

Western has implemented **Emergency Response and Incident Management Standards** to address any potential emergencies arising out of its operations, and employees are trained in such emergency response plans. Western employees are well-trained and well equipped to manage any challenges or concerns encountered in their daily activities.

Western's contractors are expected to develop and follow Safe Operating Procedures that effectively manage hazards and risks arising from the site activities. Our Site Managers work with our customers and other sub-contractors to ensure that they are included in the risk assessments and part of the team in managing the activities and completion of work on site.

Western's HSE team is responsible for and tracks Western's fleet vehicles and requires compliance with all applicable legislation for commercial vehicles and the applicable jurisdictions in which they operate.

### INTERNAL RESPONSIBILITY

Since 2001 Western has been a member of the Partnership in Injury Reduction (PIR) Program. This is a voluntary program in which Western works collaboratively with government stakeholders to build effective health and safety management systems. By improving health and safety, the social and financial costs of workplace injury and illness are reduced.

As a compliance requirement of the PIR Program, Western actively participates in external and internal compliance audits in all Canadian operations. The results of these audits are shared with all employees, our HSE Committee within our Board and our customers.

Stoneham Drilling, a division of Western Energy Services, is compliant with the SPCC (Spill Prevention, Control and Countermeasures) Legislation as defined by the U.S. Environmental Protection Agency (EPA). Independent Contractors perform compliance inspections to verify and certify the drilling equipment meets SPCC requirements.

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## WORKPLACE DIVERSITY

Western is committed to diversity in the workplace and supports an environment of inclusion. Diversity in the workforce facilitates introducing new ideas and perspectives to help the Company operate responsibly and effectively.

Western strives to respect human rights and native lands as well as honour tribal traditions and beliefs. Western engages the Mandan, Hidatsa, and Arikara Nations Tribal Employment Rights Office (MHA TERO) on infrastructure and economic development, operational impacts, permitting, land access, regulations, and other issues. We comply with tribal regulations including those of MHA TERO, which aim to strengthen business opportunities for companies owned 100% by a member of the MHA Nation.

Western partners with the different community segments of the MHA Nation to discuss Company operations in the respective tribal segments and review and handle any concerns raised during Western's operations.

For our divisions operating in the United States, Stoneham Drilling, a division of Western, strives to work with tribal members as part of Western's operations. For the last seven years, Stoneham has worked closely with the Mandan, Hidatsa, and Arikara Nations to employ First Nations candidates recommended by MHA TERO.

Within Canada, since 2013, Eagle Well Servicing, a division of Western Energy Services Corp., has been engaged in a 50/50 Joint Venture between Eagle and one of the First Nations community within Alberta for the construction and operation of two well-servicing rigs. This joint venture is an example of our commitment to engaging with local, regional, and Aboriginal stakeholders.

In addition to working with First Nation member-owned contractors, Western's community efforts include support for the First Nation Communities, local school districts, and charitable contributions.

## COMMUNITY FOOTPRINT

Within Western, the Company recognizes the importance of supporting the local communities we operate within. Where appropriate, offices and shops have been established, and employees are hired locally.

Western proactively engages in the communities where we operate, including local community and charity groups. Western regularly interacts with our customers and the property owners of the land on which we operate.

Western organizes and provides financial support for fund-raising events such as the Hospice Calgary, local food banks, career fairs, community events and sports tournaments to benefit of the local communities where we operate.

## THE JOURNEY

Western recognizes that Environmental, Social and Governance is a journey of continuous learning and improvement. Our focus will be to seek opportunities to further enhance our existing programs with the elements of this ESG Standard in mind. This will enable the Company to effectively operate in harmony with the environment and take all available measures to enhance and strengthen the environmental, social, safety and governance for all Western's operations.