

1. Purpose

The management of Total Energy Services Inc. (“**Total Energy**”) and its subsidiaries and affiliates in Canada (each a “**Division**”, where each Division and Total Energy are collectively and individually, as the case may be, the “**Company**”) encourage a productive and effective work environment. The purpose of this policy is to outline the steps to be taken to manage performance, behaviour and conduct issues so employees are given the opportunity to improve their performance and they are treated fairly and consistently.

2. Scope

This policy applies to all employees of Canadian Divisions of Total Energy, including without limitation, Savanna Drilling Corp., Total Oilfield Rentals Ltd., Bidell Gas Compression Ltd., Opsco Process Corp. and Savanna Well Servicing Inc. As all levels of employees are accountable for their actions, failure on the part of a supervisor to address and correct a performance or behaviour issue of a direct report may result in the supervisor also being subject to progressive discipline.

3. Definition

“**progressive discipline**” means a formal process to reinforce the Company’s expected standards with respect to workplace behaviour, conduct and performance. It typically includes a series of discipline steps which gradually increase in severity when an employee fails to correct an issue after being given a reasonable opportunity to do so. Company decisions regarding discipline will be made in a reasonable and proportionate manner.

4. Policy

In the event that an employee violates Company policy, exhibits problematic behaviour or delivers poor work performance, progressive discipline will be utilized.

5. Procedure

Progressive discipline should normally follow a progressive model moving sequentially from step to step, however, there are some situations which are so serious that strict adherence to the progressive discipline model is inappropriate and more serious discipline, up to and including immediate termination without pay and specifically including suspension without pay, is warranted. The initial discipline step applied will be determined based on the severity of the violation or performance concern, with consideration of the employee’s past performance.

Typically, progressive discipline follows a series of four steps:

Step One: **Verbal Warning (Documented)**

With an initial minor infraction, the supervisor will address with the employee verbally to alert them to the issue. The supervisor will outline the behaviour and/or performance expectations and the possible consequences associated with further infractions. Documentation of the conversation will be shared with the employee and placed in the employee file.

Step Two: **Written Warning**

If the performance or behaviour issue identified in the Verbal Warning continues or if additional performance or behaviour issues occur or if the misconduct is serious enough to warrant a

written warning, the supervisor will provide the employee with a written letter outlining the performance concern(s), a timeline for improvement and the possible consequences with future infractions. A copy of the letter will be placed in the employee file.

Step Three: Final Written Warning

The supervisor will provide the employee with a written letter advising that the required change in behaviour and/or performance previously communicated has not been met. This will be the final opportunity for the employee to make the necessary changes prior to advancing to the next step, which may include disciplinary action up to and including immediate termination for cause. If an employee's policy breach or misconduct is serious, the Final Written Warning may be Step One of the progressive discipline process. A copy of the letter will be placed in the employee file.

Step Four: Termination

Subject to the appropriateness of the alternative consequences outlined in Section 6 below, if the previous steps have failed to elicit the necessary changes to behaviour(s) or performance, the employee will be terminated for cause. If an employee's misconduct is egregious, including but not limited to a violation of Total Energy's *Code of Business Conduct, Alcohol and Drug Policy, Workplace Harassment and Violence Policy* and/or Division Safety Manual, it may be grounds for immediate termination for cause as Step One of the progressive discipline process.

6. Alternatives to Termination

Suspension Without Pay

Occasionally, an employee may receive a suspension without pay instead of termination for serious misconduct, such as, but not limited to breach of Company policy. The employee will receive, in writing, specific expectations of what behaviour or performance is expected for continued employment. The duration of the suspension will be proportionate to the seriousness of the misconduct.

Demotion

An employee may receive a demotion instead of termination if the performance or behaviour issue(s) indicate the employee is unable to satisfactorily perform their current role. The employee will receive a letter outlining the new position and expectations of performance for continued employment. If combined with serious misconduct, the demotion may be accompanied by a suspension without pay.

7. Appeals

An employee may appeal a progressive discipline decision by providing a written appeal containing the rationale for the appeal to the Division GM within thirty (30) days of the applied discipline.

This corporate *Progressive Discipline Policy (Canada)* is approved this 25 day of January, 2021.



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