

LEAD DIRECTOR	EFFECTIVE DATE:	February 27, 2017
	REVISED:	-
	VERSION:	1

1. INTRODUCTION

The board of directors (the “Board”) of STEP Energy Services Ltd. (“STEP”) has determined that, on the recommendation of the Compensation and Corporate Governance Committee and in accordance with National Policy 58-201 – Corporate Governance Guidelines, insofar as the Chair of the Board (the “Chair”) is not independent, an independent member of the Board shall serve in a lead capacity (the “Lead Director”).

2. APPOINTMENT

If the Chair of the Board is not independent, the independent members of the Board will select one of its members to be appointed Lead Director for such term as the independent members of the Board may determine.

3. DUTIES AND RESPONSIBILITIES

The Lead Director works closely with the Chair. His or her primary focus is to provide the Board with an independent perspective in respect of its oversight activities and to coordinate the activities of the other independent members of the Board.

The duties and responsibilities of the Lead Director as they relate to the following matters, are as follows:

- in conjunction with the Chair, manage the affairs of the Board, including being satisfied that the Board operates independently of management and is alert to its obligations to STEP and its stakeholders;
- enhance the ability of the Board to act independently of management and non-independent directors;
- act as a liaison between the Chair and the independent directors on sensitive issues;
- ensure that the independent directors have an opportunity to meet separately without non-independent directors and senior executives of STEP present, as applicable, and as required, including by meeting in a separate in camera session at each Board meeting;
- be satisfied that STEP and the Board meet their obligations and responsibilities relating to corporate governance practices;
- review conflict of interest issues with respect to members of the Board as they arise;
- in conjunction with the Compensation and Corporate Governance Committee, review and assess director attendance, performance, compensation and the size and composition of the Board and its committees;

- if and when appropriate, consult and meet with any or all of the independent directors and represent such directors in discussion with management or non-independent directors of the Board on corporate governance issues and other matters; be satisfied that questions and comments of independent directors are heard and addressed;
- be available, when appropriate and if requested, for consultation and direct communication with the shareholders of STEP for questions and discussions that are directed to the Lead Director or the independent directors as a group;
- chair Board meetings when the Chair is unavailable or when there is any potential conflict between the Chair and STEP;
- ensure that the different duties, responsibilities and roles of the Board are clearly understood by both the Board and management and the boundaries between the Board and management are clearly understood;
- work with the Chair and the other directors of the Board to ensure the Board receives appropriate and timely information, material and reports from management regarding STEP's business and affairs in order to permit the Board to discharge its duties and responsibilities; and
- carry out such other duties and responsibilities as the Board may request from time to time.

Approved by the Board of Directors on February 27, 2017.