

## **BOARD OF DIRECTORS MANDATE**

The board of directors (the "Board") of Calfrac Well Services Ltd. ("Calfrac") is responsible for the stewardship of Calfrac and for overseeing the conduct of the business of Calfrac and the activities of management, who are responsible for the day-to-day conduct of the business.

### **Composition and Operation**

The Board operates by reserving certain powers to itself and delegating certain of its authorities. The Board retains responsibility for managing its own affairs, including selecting its chair, nominating candidates for election to the Board, constituting committees of the Board, appointing the chairs of committees of the Board, and determining director compensation. Subject to the articles and by-laws of Calfrac and the *Business Corporations Act* (Alberta), the Board may constitute committees of the Board and seek the advice of, and delegate powers, duties and responsibilities to, its committees and management.

### **Responsibilities**

The Board's primary responsibilities are to preserve and enhance long-term shareholder value and to ensure that Calfrac meets its obligations on an on-going basis and operates in a reliable and safe manner. In performing its duties, the Board should also consider the legitimate interests other stakeholders, such as employees, customers and communities, may have in Calfrac. In broad terms, the Board's stewardship of Calfrac involves strategic planning, risk management and mitigation, executive management appointment and assessment, communication planning, and internal control integrity. More specifically, the Board is responsible for

- (a) satisfying itself as to the integrity of the president ("President") and other executive officers and ensuring that the President and other executive officers create a culture of integrity throughout the organization,
- (b) adopting a business planning process and approving, on an annual basis, a business plan for Calfrac which takes into account, among other things, the opportunities and risks of the business,
- (c) identifying the principal risks of Calfrac's business and ensuring the implementation of appropriate systems to manage these risks,
- (d) succession planning, including appointing, training and monitoring senior management,
- (e) adopting a communication policy for Calfrac that includes measures for receiving feedback from stakeholders,
- (f) monitoring the integrity of Calfrac's internal control and management information systems,
- (g) developing Calfrac's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to Calfrac, and
- (h) on an individual basis, attending Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of Calfrac established by the Board.

In discharging these responsibilities and the specific duties set out below, the Board will utilize and direct management of Calfrac to the extent the Board considers to be appropriate.

### **Specific Duties**

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

1. *Legal Requirements*

- (a) The Board has oversight responsibility for Calfrac's satisfaction of its legal obligations and for the preparation and maintenance of Calfrac's documents and records.
- (b) The Board has the statutory obligation to
  - (i) manage the business and affairs of Calfrac, and
  - (ii) act in accordance with its obligations under the *Business Corporations Act* (Alberta) and the regulations thereunder, Calfrac's articles and by-laws, and other relevant legislation and regulations,and each director of Calfrac in exercising the director's powers and discharging the director's duties has the statutory obligation to
  - (iii) act honestly and in good faith with a view to the best interests of Calfrac, and
  - (iv) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (c) The Board has the statutory obligation to consider the following matters as a board of directors and may not delegate to management or to a committee of the Board any authority with respect to these matters:
  - (i) submit to the shareholders any question or matter requiring the approval of the shareholders,
  - (ii) fill a vacancy among the directors or in the office of auditor,
  - (iii) issue securities except in the manner and on the terms authorized by the Board,
  - (iv) declare dividends,
  - (v) purchase, redeem or otherwise acquire shares issued by Calfrac, except in the manner and on the terms authorized by the Board,
  - (vi) pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of Calfrac from Calfrac or from any other person, or procuring or agreeing to procure purchasers for shares of Calfrac, except in the manner and on the terms authorized by the Board,
  - (vii) approve any management proxy circular relating to a solicitation of proxies by or on behalf of the management of Calfrac,
  - (viii) approve any take-over bid circular or directors' circular,
  - (ix) approve any annual financial statements of Calfrac, or
  - (x) adopt, amend or repeal by-laws.

2. *Independence*

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

3. *Strategic Planning*

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

4. *Risk Management*

The Board is responsible for understanding the principal risks of the business in which Calfrac is engaged, achieving 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 Calfrac.

5. *Appointment, Training and Monitoring of Senior Management*

The Board is responsible for

- (a) appointing the President of Calfrac, monitoring and assessing the President's performance, determining the President's compensation, and providing advice and counsel to the President in the execution of the President's duties,
- (b) approving the appointment and remuneration of all other officers of Calfrac, and
- (c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

6. *Reporting and Communication*

The Board is responsible for

- (a) verifying that Calfrac has in place policies and programs to enable Calfrac to communicate effectively with its shareholders, other stakeholders and the public generally,
- (b) verifying that the financial performance of Calfrac is adequately reported to shareholders, other security holders, regulators and the public on a timely and regular basis,
- (c) verifying that Calfrac's financial results are prepared and reported fairly and in accordance with generally accepted accounting principles,
- (d) verifying the timely reporting of any other developments that have a material effect on Calfrac, and
- (e) reporting annually to shareholders on the Board's stewardship of the affairs of Calfrac for the preceding year.

The Board has assigned to the chair of the Board, the President, and the chair of the Corporate Governance and Nominating Committee responsibility for bringing to the attention of the Board feedback received by them from shareholders and other stakeholders of Calfrac. To encourage and facilitate such feedback, instructions for contacting these individuals will be disclosed annually in Calfrac's management information circular and will be posted on Calfrac's web site.

7. *Monitoring and Acting*

The Board is responsible for

- (a) verifying that Calfrac operates at all times within applicable laws and regulations to the highest ethical standards,
- (b) approving and monitoring compliance with the significant policies and procedures by which Calfrac is operated,
- (c) verifying that Calfrac sets high environmental standards in its operations and is in compliance with environmental laws and regulations,
- (d) verifying that Calfrac has in place appropriate programs and policies for the health and safety of its employees in the workplace,
- (e) monitoring Calfrac's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,
- (f) taking action when Calfrac's performance falls short of its goals and objectives or when other special circumstances warrant,
- (g) verifying that Calfrac has implemented adequate information systems, disclosure controls and procedures, and internal control over financial reporting,
- (h) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to effectively perform its duties,
- (i) adopting a written code of business conduct and ethics and monitoring compliance with the code, and
- (j) conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

8. *Other*

The Board may exercise or delegate any other powers consistent with this mandate, Calfrac's articles and by-laws, and any governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office.

Reviewed and approved on March 4, 2020.