



# CODE OF INTEGRITY, BUSINESS ETHICS AND CONDUCT

2016 Version





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# 1. INTRODUCTION

- 1.1. Standard:** This Code of Integrity, Business Ethics and Conduct (the “Code”) has been adopted by the Board of Directors of Ensign Energy Services Inc. to ensure that Ensign Energy Services Inc. and all of its domestic and foreign subsidiaries and affiliates (individually and collectively, the “Company”) conducts its business in accordance with high ethical standards and in compliance with all applicable laws, rules and regulations.
- 1.2. Application:** The Code applies to all of the Company’s full and part time employees, officers, directors, contractors, consultants, agents, sponsors and joint venture partners (hereinafter collectively and individually referred to as “Associates” or “Associates”). Throughout this Code, the term “Manager” means the immediate supervisor of an employee, officer or director, or the principal Company contact of a contractor, consultant, agent, sponsor or joint venture partner.
- 1.3. Compliance:** Compliance with the Code and compliance with the Company’s other policies and procedures are fundamental terms of employment for every employee, and are fundamental terms of every other Associate relationship. Associates are advised that a breach of this Code may result in appropriate disciplinary action being taken, up to and including immediate termination of employment for cause, or termination of the Associate’s consulting, contracting or other agreement.

**1.4. Reporting a Violation:** An Associate who becomes aware of a violation of the Code or any applicable laws or regulations has a responsibility to report it to management. To report a suspected violation, you can:

- Contact a member of management or the Legal Department directly;
- Contact Ensign’s “Business Ethics Hotline” anonymously, 24 hours a day, 7 days a week, as follows:

Email: <a href="mailto:ensign@integritycounts.ca">ensign@integritycounts.ca</a>
Phone: 1.866.921.6714
Online: <a href="http://www.integritycounts.ca">www.integritycounts.ca</a>

- Contact the Chairman of the Audit Committee directly by mail, marked “Personal and Confidential” for forwarding unopened to the Chairman of the Audit Committee:

Chairman of the Audit Committee, Ensign Energy Services Inc. 400 – 5th Avenue S.W., Suite 1000, Calgary, AB, Canada T2P 0L6
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Reports addressed directly to the Chairman of the Audit Committee, and all reports regarding accounting, internal controls and auditing matters (however reported), are reviewed by the Chairman of the Audit Committee directly and investigated or delegated for investigation as appropriate. All other reports are reviewed by the Legal Department and are investigated or delegated for investigation, as appropriate.

**1.5. No Retaliation:** The Company has a strict no retaliation policy. As such, an Associate making, in good faith, a report of a suspected violation of the Code or a report of any questionable accounting, internal accounting controls or auditing matters will not be discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against in the terms and conditions of employment, or otherwise. Any attempt at retaliation or reprisal against the reporting Associate will be punished severely, which may include demotion, suspension or termination for cause.

**1.6. Associate Obligations:** The Code is not a substitute for the exercise of good judgment by the Company’s Associates. **The Code does not and cannot address every ethical or legal issue that an Associate may face. Rather, this Code has been developed to provide context, expectations and directions to Associates. Associates are therefore expected to comply with the spirit and intent of this Code and to make themselves aware of, and comply with, relevant laws, Ensign’s policies and this Code. Should an Associate encounter a situation in which the appropriate conduct is unclear, the Associate should**

**discuss the matter with their Manager.** The Company may from time to time adopt more detailed policies and procedures with regard to certain areas covered by the Code and other matters not mentioned in the Code.

- 1.7. Accountability:** Each Manager is responsible for ensuring that all Associates under his or her supervision are thoroughly familiar with the Code and are applying it consistently in all of their business dealings. No Associate has the authority to violate any of the Code's provisions or to direct or authorize others to do so.
- 1.8. Amendments:** The Company, in its discretion, may from time to time make changes to this Code. Changes will become effective and binding immediately unless otherwise stated.

## **2. WAIVER**

- 2.1. Generally:** If an Associate who is an employee believes that a waiver of the strict application of the Code is necessary or appropriate, including, but not limited to with respect to any potential or actual conflict of interest, or any waiver of the Company's policies or procedures, a request for a waiver and the reasons for the request must be submitted in writing to the Legal Department.
- 2.2. Executive Officers and Directors:** Any waiver of this Code for executive officers or directors will be made only by Board of Directors or a committee of the Board of Directors. If required by law or stock exchange regulation, any conduct by an executive officer or director which constitutes a material departure from this Code promptly will be publicly disclosed.
- 2.3. Other Associates:** Any request for a waiver of this Code for a contractor, consultant, agent, sponsor or joint venture partner, and the reasons for the request, must be submitted in writing to the Legal Department.

### 3. BUSINESS INTEGRITY

- 3.1. The Company will not take unfair advantage of anyone, directly or indirectly, through illegal conduct, manipulation, concealment, misuse of privileged information, misrepresentation of material facts or other dishonest, unfair or unethical practices. The Company is committed to conducting all of its affairs with honesty, integrity and fairness and expects the same from all of its Associates.
- 3.2. Associates are required to perform their employment, consulting, contracting or other duties, as applicable, with integrity, honesty and in accordance with the highest ethical standards prevalent in the business community.

### 4. RESPECTFUL WORKPLACE

- 4.1. Associates must display respect for fellow employees, business associates and public officials, and act fairly, without harassment or intimidation, and without discrimination because of race, religious beliefs, colour, gender, physical disability, mental disability, age, ancestry, place of origin, marital status, source of income, family status, sexual orientation, or any other basis prohibited by law.



## 5. CONFLICTS OF INTEREST

**5.1. Description:** A conflict of interest may arise when an employee, officer or director are in a situation, or are likely to be put in a situation, where he or she has the opportunity to make a decision on behalf of the Company that may directly or indirectly benefit himself, herself, or friends, relatives, business associates (or anyone else that he or she has a relationship with that could be reasonably be seen to create a conflict of interest situation) contrary to the Company's best interests. All Associates should avoid any activity in which their personal interests may come into conflict or may appear to conflict with the interests of the Company in its relations with current or prospective suppliers, customers, competitors or partners.

**5.2. Disclosure:** Should an employee, officer or director Associate find himself or herself in an actual or a potential conflict of interest situation, he or she must promptly make disclosure of such situation to their Manager directly and by completing a "Conflict of Interest Disclosure Form" and submitting it to the Legal Department. The Conflict of Interest Disclosure Form is available on the Company's intranet under "Corporate Policies". The disclosure will be reviewed and, if a conflict of interest is found, it may or may not be sanctioned or waived by the Company in accordance with this Code. Mitigation measures may be implemented.

It is not possible to anticipate every conflict of interest situation that may be encountered. Without limiting the general scope of this Code, the following relationships and courses of conduct are examples of matters that will be considered to involve a conflict of interest and require prompt disclosure:

- Using Company property or Confidential Information for personal material benefit.
- Influencing or attempting to influence Company suppliers, contractors or consultants for personal gain.
- A friend, relative or business associate is offered or receives a Gift from a third party that is of more than nominal value and might influence, or reasonably appear to influence, his or her judgment in acting in the best interests of the Company (see Section 5.4 for specific guidelines with respect to Gifts).
- During the course of or as a direct result of an employment, consulting, contracting or other relationship with the Company, an employee, officer

or director Associate becomes aware of business opportunities where it is reasonably expected that Company may be interested in pursuing such opportunities, and the Associate uses this information for personal benefit or to benefit a friend, relative, or business associate instead of the benefit of the Company.

**5.3. Outside Roles:** Employees and officers of the Company may not act as a director, officer or in any other role of any other entity engaged in the oil and gas drilling and/or service business and which competes directly or indirectly with any activity of the Company. Passive investments in public or private entities of less than five per cent of the outstanding shares of an oil and gas drilling and/or service business will not be viewed as “competing” with the Company. Any employee or officer who is actively engaged in the management of, or who owns an investment of five per cent or more of the outstanding shares, in such public or private entities must immediately disclose such activities or holdings. Directors of Ensign Energy Services Inc. who are not full time employees of the Company are not prohibited from acting as directors of other public or private companies. Such directors shall comply with the provisions of the Business Corporations Act (Alberta) with respect thereto, and shall obtain the prior approval of the Chairman of the Company for such outside directorships.

#### **5.4. Gifts and Entertainment:**

**5.4.1 General:** Business-related social contact is encouraged when properly conducted on a limited basis. However, offering or accepting expensive gifts or excessive entertainment, benefits or other favours (hereinafter referred to generally as a “Gift” or “Gifts”) can be mistaken for improper payments and/or can create, or be perceived to create, a conflict of interest situation. Associates must not allow the receipt or offering of Gifts to compromise, or even appear to compromise, business decisions. Associates should consider the context in which the Gift is being offered or received, whether there is an explicit or implied expectation of favour in return, and the value of the item.

**5.4.2. US \$500 Limit:** Receiving or offering Gifts including entertainment with a retail value less than or equal to US \$500, is usually permissible. To be permissible, the Gift or entertainment should not be cash, construed as a bribe, kickback or payoff, or be repetitive. The Gift or entertainment must be customary and proper under the circumstances. If an employee or officer is unsure about whether or Gift or entertainment is acceptable, he or she

should discuss it with their Manager or a member of the Legal Department. Employees or officers must receive written approval in advance from their Manager to receive or offer a Gift or entertainment under the following circumstances: (a) if there is reasonable doubt regarding the propriety of such activities, regardless of the retail value of the Gift or entertainment; or (b) subject to Section 5.4.3 below, where the retail value of such Gift or entertainment is greater than US \$500.

**5.4.3. Exceeding the US \$500 Limit:** Employees or officers whose duties permit them to do so (i.e. employees in a sales function) may provide reasonable Gifts and entertainment to persons in excess of the US \$500 limit if all of the following conditions are met:

- It cannot reasonably be interpreted as a bribe, payoff or other improper payment;
- It is not in cash or other negotiable instruments;
- It is made in connection with general, reasonable and accepted business development practices;
- If subsequently disclosed to the public, it would not in any way embarrass the Company or the recipient;
- It does not contravene any law; and
- Proper accounting of the expense is promptly made and disclosed to the Manager of the employee or officer.



## 6. COMPETITION, ANTI-TRUST, BRIBERY AND GIFTS TO FOREIGN OFFICIALS

- 6.1. Competition and Anti-Trust:** The Company is subject to competition and anti-trust legislation in Canada, the United States and various other jurisdictions in which it operates. These laws are designed to ensure a fair and competitive free market system. Employees and officers are therefore prohibited in engaging in anti-competitive behaviors, such as agreements with competitors to allocate markets or customers, price fixing or agreements to control prices, bid-rigging, misleading advertising, price discrimination, and predatory pricing. Antitrust laws may also apply in benchmarking efforts, trade association meetings or alliances with competitors.
- 6.2. Bribery:** The use of the Company's funds or assets for an unlawful or improper purpose is strictly prohibited, including payments made by or on behalf of the Company either directly or indirectly to government officials, political candidates or parties. Associates are required to perform their employment, contracting, consulting or other duties in accordance with all applicable municipal, provincial, state, federal and foreign laws, including those relating to anti-competition, bribery and corrupt practices. This provision does not affect the right of employees, officers or directors from acting in an individual capacity and not as representatives of the Company, to support political parties or candidates of their choice.
- 6.3. Gifts and Entertainment to Foreign Officials:** The Company is subject to anti-corruption laws, including the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act* (U.S.A.) and equivalent legislation in other countries, which prohibit bribing foreign public officials. Under the legislation, gifts and entertainment may be considered as bribery. As a result, the Code prohibits offering Gifts or entertainment of any value to foreign public officials except in very limited circumstances. In addition, Associates are prohibited from offering social or political donations (e.g. donation to a local charity or political party) where a foreign official or family member of a foreign official is involved with the organization receiving the donation. Any Gifts or entertainment given to a foreign official must be approved in advance in writing by the Company's Legal Counsel.

## 7. CONFIDENTIAL INFORMATION

- 7.1. For the purpose of this Code, “**Confidential Information**” is any information of the Company that has not been made available to the public and includes, without limitation, any material non-public financial information as well as any other information that provides insight into the Company’s current or anticipated business activities. Confidential Information also includes the confidential information of a third party received by the Company or an Associate pursuant to a confidentiality obligation.
- 7.2. Associates must keep all Confidential Information in strict confidence and may not disclose, either directly or indirectly, any Confidential Information to any third party other than other Associates having a “need to know” for the business purposes and sole benefit of the Company, except when such disclosure is expressly authorized by the owner or legally mandated and not otherwise. If an Associate is unsure whether information is Confidential Information or whether such information may be disclosed, he or she should ask their Manager or seek advice from any member of the Legal Department before any disclosure is made.
- 7.3. Associates must take all reasonable precautions to prevent the inadvertent disclosure of any Confidential Information to any third party. In the event that an Associate is required to disclose Confidential Information to a third party in the course of his or her duties, the Associate must ensure that he or she informs the third party of the confidential and proprietary nature of the Confidential Information. Further, Associates must follow the policies (as they may change from time to time) of Company in connection with such disclosure, which may include requiring the third party sign a confidentiality or non-disclosure agreement prior to such disclosure. Associates may not remove or retain any Confidential Information from the Company, with the exception that they may remove certain confidential materials from the Company’s offices or facilities if it is to be used solely for conducting Company business and thereafter promptly returned to the Company’s office or facilities.
- 7.4. The obligations of Associates with respect to the Confidential Information will survive the cessation of the employment, consulting, contracting or other relationship, regardless of the reason for the cessation of such relationship.

## 8. FINANCIAL REPORTING

- 8.1.** The integrity and completeness of record-keeping is not only the Company's policy, it is also mandated by law. Accounting and financial reporting practices must be fair and proper, in accordance with generally accepted accounting principles and using management's best judgments where necessary.
- 8.2.** The Company does not tolerate practices that might lead to fraudulent financial reporting, including, whether by act or omission, providing information that results in materially misleading financial statements. All employees and officers have a responsibility to ensure that their accounting and recordkeeping work is complete and accurate. No false or misleading entry may be made for any reason, and no person may assist any other person in making a false or misleading entry. Intentionally making (or assisting in the making) of a false or misleading entry, or deliberately providing inaccurate or incomplete information will be considered a serious violation of the Code and of the Associates employment, consulting, contracting or other relationship, and may subject the violator to disciplinary action which may include termination for cause.
- 8.3.** Any employee, officer or director having information or knowledge of any undisclosed or unrecorded transaction or the falsification of records and other irregularities concerning accounting, internal accounting controls or auditing matters must immediately report it, as set out in Section 1.4.



## 9. INSIDER TRADING

- 9.1. Prohibition:** Associates are prohibited from engaging in insider trading practices. Insider trading typically arises from informing others who then trade in Company stock, and from trading in Company stock themselves, when they have material information about the Company that has not been generally disclosed to the public. Associates are also prohibited from trading in securities of a third party, including customers, suppliers, and others if they received material non-public information about the third party.
- 9.2. Material Information:** A new fact or change in circumstances relating to the Company or the third party would be considered “material” when the information known to an Associate would reasonably be expected to have a significant effect on the market price of the Company’s or third party’s shares, if disclosed or if it may affect any investor’s decision (including the Associate’s) to buy, sell or hold securities of a company.
- 9.3. Blackout Restrictions:** Part of the Company’s responsibility is to ensure that trading in its securities does not take place where material information has not yet been communicated to shareholders. As a result, employees, officers and directors must adhere to established blackout restrictions when trading in the Company’s securities or exercising of options is not permitted. Trading blackouts are implemented to ensure that “insiders” do not have the advantage of information that has not been announced to the general investing public. “Insiders” are considered to be anyone who has access to information that has not been released in the public realm.

## 10. INTELLECTUAL PROPERTY

- 10.1.** For the purpose of this Code “**Intellectual Property**” is: (a) any invention, trademark, copyright, industrial design, integrated circuit topography, trade secret or confidential information; (b) any right to apply for the registration of same, any application for same or any registration of the same, including without limitation, any patent application, patent, trademark application, trademark registration, copyright application or copyright registration; or (c) any other intellectual or industrial property right anywhere in the world and which include, without limitation, any right in any cause of action relating to any of the foregoing.
- 10.2.** An employee or officer must immediately disclose, whether on creation or conception, any Company Intellectual Property to his or her Manager. Employees and officers will have no rights to the Company Intellectual Property, and when requested, they must sign all documents, do all acts, and provide all reasonable assistance to the Company (without additional consideration to them other than reimbursement of reasonable expenses), which the Company reasonably requests during and after their association with the Company in order to assist the Company in formally obtaining title to, and otherwise perfecting or protecting, its rights to all such Company Intellectual Property.
- 10.3.** Immediately upon commencing employment or engagement of services with the Company, an employee or officer is required to disclose to their Manager their involvement with any Intellectual Property that is in any way related to or potentially related to the business of the Company. Disclosure does not mean revealing the unique or proprietary nature of the Intellectual Property.



# 11. CORPORATE PROPERTY, OUTSIDE ACTIVITIES AND INTERNET

- 11.1. Outside Activities:** During regular hours of work, employees and officers are to devote their full time and attention to the Company and their assigned duties. Unrelated outside activities, business, or secondary employment activities are not permitted during such regular hours of work.
- 11.2. Corporate Property:** Employees and officers should protect the Company's assets and ensure their efficient use. Abuse, fraudulent use and theft of the Company's assets will not be tolerated. Unauthorized, illegal, inappropriate or excessive personal use of any of the Company's property is strictly prohibited and will be considered a serious violation of the Code.
- 11.3. Internet and Social Media:** When accessing the internet using Company equipment, Associates must use good judgement, common sense and professionalism and must not engage in any illegal or unethical conduct. Similarly, Associates are expected to act responsibly and ethically when using social media, whether company-sponsored or in their personal capacity. When making comments about the Company or its activities, which is discouraged, they must state that the comments reflect their own opinion and are not the opinion of the Company.

## 12. WORKPLACE SAFETY AND ENVIRONMENTAL MANAGEMENT

- 12.1.** The Company is committed to conducting its operations in a manner that protects the health and safety of its personnel and the public and to provide a safe and healthy work setting. Associates must act safely and reasonably at all times while on the job, observe appropriate standards of conduct, and promptly report all safety hazards or other violations.
- 12.2.** Environmental protection is a fundamental value of the Company and we continually seek improvement in environmental performance. The Company's operations will be conducted in a manner that complies with all regulatory standards, guidelines, licenses and approvals. Associates must promptly report any environmental issues or concerns.



## 13 PROHIBITED ITEMS AND ACTIVITIES

- 13.1.** The use, sale, possession, distribution, manufacture, and/or presence in the body of illegal drugs, inhalants or mood altering substances, or the improper use of alcohol or prescription drugs is strictly forbidden while on Company premises, in Company vehicles, or conducting Company business on or off Company premises.
- 13.2.** The consumption of alcohol by employees or officers in any environment that involves or impacts the performance of duties on behalf of the Company is strictly prohibited, except in the limited circumstances described in Section 13.3 below. For greater certainty, employees are not allowed to consume any alcohol while on the job or within a reasonable period of time prior to the employee's shift or hours of employment.
- 13.3.** At Company-sponsored business entertainment, social events or at Company-related social events where attendance is encouraged (e.g. Company-promoted parties, customer hospitality events etc.), employees, officers and directors are expected to act in a reasonable and responsible manner in respect of consumption of alcoholic beverages and must not become intoxicated. Those who have heavily consumed alcoholic beverages at such events are prohibited from driving themselves or any other person following such events. The Company shall either provide such persons with third party transportation or shall reimburse them for the reasonable cost thereof.
- 13.4.** The possession, use, or distribution of firearms, weapons, and explosives is prohibited while on Company premises, while conducting Company business, or while in Company vehicles on or off Company premises. Subject to prior approval by the appropriate Manager and applicable laws, exceptions to this prohibition may be granted to protect the Associates or assets of the Company.



