

# ENERGY AND ENVIRONMENTAL SERVICES, INC.

2601 NW Expressway, Suite 605W  
Oklahoma City, Oklahoma 73112  
Telephone: 800-635-7716

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 4, 2020

### To the Shareholders:

Energy and Environmental Services, Inc. (“EES” or “We”) will hold an Annual Meeting of Shareholders (the “Annual Meeting”) on Thursday, June 4, 2020, at 11:00 a.m., CT. Due to the emerging public health impact of the coronavirus outbreak (COVID-19) and to support and protect the health and well-being of our shareholders, this year’s Annual Meeting will be a completely “virtual meeting” of shareholders. You will be able to attend the Annual Meeting via live webcast by visiting the Facebook page for EES Shareholder Meeting and sending a friend request. We will accept requests from shareholders of record. Before the Annual Meeting, you will be able to vote by mail, telephone or Internet for the purpose of considering and voting upon:

- (1) Electing six directors to serve until the 2021 Annual Meeting of Shareholders; and
- (2) Ratifying the selection of Hogan Taylor LLP, as independent auditors of the Company for the year ending December 31, 2020.

The record date for the Annual Meeting is April 9, 2020. Only Shareholders of record at the close of business on that date can vote at the Annual Meeting. If your shares are held in an account at a brokerage firm or bank participating in this program, you may vote those shares by calling the telephone number specified on your proxy or accessing the Internet website address specified on your proxy instead of completing and signing the proxy itself.

***PLEASE NOTE – YOU CANNOT VOTE BY ATTENDING THE ANNUAL MEETING. Your vote is important to us. Please sign and return the enclosed proxy in the envelope provided or follow the Internet or telephone voting procedures described on the proxy form.***

Sincerely,

/s/ Troy Todd  
Troy Todd  
Secretary

April 16, 2020



**PROXY STATEMENT**  
**ANNUAL MEETING OF SHAREHOLDERS**

**June 4, 2020**

Energy and Environmental Services, Inc. (“EES” or “We”) welcomes you to our Annual Meeting of Shareholders. We engage in the oilfield chemical, anti-corrosive coatings, and biotech segments. We began in 1991, and our management has over 50 years of experience blending, manufacturing and packaging custom liquids and solid chemicals for the oil and gas and agricultural industries. Additionally, we have expanded to develop innovative products and applications for enzyme system technologies, livestock feed supplements, and specialized anti-corrosive coatings. Our Annual Report for the year ended 2019 contains more about our business.

This Proxy Statement is intended to inform our Shareholders about the upcoming Annual Meeting. To encourage Shareholder participation, we are soliciting proxies to be used at the Annual Meeting.

We are mailing a notice of Annual Meeting, proxy cards, and a notice regarding the availability of a Proxy Statement and Annual Report to Shareholders beginning April 16, 2020. Shareholders can access the Proxy Statement and the Annual Report on our website, <https://eesokc.com/investors/>.

**General Information**

*When and Where is the Annual Meeting.* The Annual Meeting will be held on Thursday, June 4, 2020, at 11:00 a.m., CT. The Annual Meeting will be on an electronic media platform and completely virtual. Shareholders may attend the Annual Meeting by a live webcast by visiting the Facebook page for EES Shareholder Meeting and sending a friend request. We will accept requests from shareholders of record. You can then access the page before the meeting and will see an announcement post for the live broadcast. You may click “get reminder” to receive a notification shortly before the meeting begins.

*Who Votes.* If you hold shares as of the Record Date, April 9, 2020, you may vote by mail, telephone or Internet. Since we are conducting a virtual meeting, you will not be able to vote in person at the Annual Meeting. If you hold shares in “street name”, you may vote only if you hold a valid proxy from your broker. On April 9, 2020, we had 52,676,974 shares of common stock issued and outstanding, which were held by 239 Shareholders of record. Each share is entitled to one vote.

*How to Vote.* You may vote by any of the following means

- **by mail** – mark, sign, date and return the proxy card in a timely manner;
- **by telephone** –using a touch-tone telephone, comply with the telephone voting instructions on the proxy card for “street name” holders; or
- **by Internet** – comply with the Internet voting instructions on the proxy card.

For shareholders with shares registered in the name of a brokerage firm or bank, most brokerage firms and banks participate in a program for shares held in “street name” that offers

telephone and Internet voting options. Shareholders with shares registered directly in their names with EQ Shareowner Services, our transfer agent, will also be able to vote by mail or by using the Internet or telephone. If your shares are held in an account at a brokerage firm or bank participating in this program, you should follow the procedures provided by your bank, broker or nominee to provide voting instructions. The telephone and Internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions, and to confirm that shareholders' instructions have been recorded properly. If you are voting by telephone or Internet, you may incur costs for telephonic or electronic access, such as usage charges from telephone companies and Internet access providers.

***If you return a signed proxy card, but do not tell us how you want to vote, we shall vote your shares “for” all director nominees and ratification of the independent auditor appointment.***

*Canceling Your Proxy.* You can cancel your proxy at any time before the Annual Meeting and provide a new proxy in a timely manner by mail, telephone or Internet. Only your latest dated proxy will count. You will not be able to vote at the Annual Meeting.

*Counting the Necessary Votes.* Directors are elected by a plurality of votes, which means that the director nominees for the positions to be filled (six positions) receiving the highest number of votes will be elected. To ratify the appointment of the independent audits, the ratification must receive a majority vote of the Shareholders deemed present and voting at the Annual Meeting. Shareholders are counted as “present” if they have properly returned a proxy by the Internet, telephone or mail.

Shareholders present and voting do not include Shareholders who have abstained from voting. Abstentions are counted as present at the Annual Meeting for purposes of determining whether a quorum exists, but are not counted as voting and thus have no effect on the outcome. Shareholders present and entitled to vote include Shareholders who abstain. Proxies submitted by brokers that do not indicate a vote for the proposal (usually because the brokers do not have discretionary voting authority and have not received instructions as to how to vote) are referred to as “broker non-votes”. Broker non-votes are not counted as shares present and are not counted in determining whether a proposal is approved by a majority vote of the shares present and voting. Broker non-votes are counted in the total number of outstanding shares entitled to vote and would have the same legal effect as a vote against a proposal that requires an affirmative vote based on the number of outstanding shares entitled to vote.

**ITEM 1**  
**ELECTION OF DIRECTORS**

The Shareholders will elect six directors at this year’s Annual Meeting. Each director will serve for a one-year term ending at the 2021 Annual Meeting or until he is succeeded by another qualified director who has been elected.

We shall vote your shares as you tell us. If unforeseen circumstances (such as death or disability) make it necessary for the Board to substitute another person for any of the nominees, we will vote your shares for that other person unless you have withheld authority.

All six of the nominees for directors are presently members of the Board of Directors.

***The Board of Directors recommends voting “For” the nominees.***

**Biographical Information**

The following table sets forth the name and age of each director nominee and the year he became a director.

| <u>Name</u>   | <u>Age</u> | <u>Director Since</u> | <u>Position</u>   |
|---------------|------------|-----------------------|---|
| Leon Joyce    | 50         | 2017                  | Chairman of the Board and Chief Executive Officer/President |
| Troy Todd     | 57         | 2017                  | Director and Chief Operating Officer                        |
| Todd Jelinek  | 51         | 2016                  | Director and Vice President                                 |
| Mark Day      | 63         | 2017                  | Director  |
| James Merrill | 52         | 2017                  | Director  |
| Michael Smith | 63         | 2019                  | Director  |

*The Director Nominees.* The Board of Directors has nominated six candidates for election. If elected, these nominees will serve one-year terms. A brief summary of each director nominee’s principal occupation, business affiliations and other information follows.

*Leon Joyce* became President in December 2019, Chief Executive Officer in January 2018, and previously served as President from April 2017 to January 2018. Mr Joyce became a Director in June 2017. He joined us in 2007 as a sales and marketing representative in Oklahoma, Kansas and Colorado and became national accounts manager in 2011, Business Development Manager in 2013, Vice President of Sales in 2015, and Senior Vice President in November 2016. Mr. Joyce attended Marymount College and Benedictine College.

*Troy Todd* became Chief Operating Officer in April 2017 and a Director in June 2017. He joined us in 2001 as a coating technician and became inventory/ procurement manager in 2007, Manager of Solid Chemical in 2010, Manager of the Chemical Division in 2011, Director of Operations for EES in 2014, and Vice President of Operations in November 2016. Mr. Todd has an Associate degree in business management from Oklahoma State University.

*Todd Jelinek* became Vice President in December 2019, served as President between then and January 2018, and was Chief Executive Officer from April 2017 to January 2018. He joined us in 2012 as our Research & Development Director and became Executive Vice President and a Director in September 2016. Mr. Jelinek has over 22 years' experience in research and development in the areas of biotechnology, pharmaceutical and environmental sciences. He has a Bachelor of Science in microbiology and a minor in chemistry from South Dakota State University.

*Mark Day* became a Director in June 2017. He is the co-owner and President of Opeco, Inc., a privately held sales and distribution company with over 40 employees in seven locations in five states. Before forming Opeco in 1984, he worked in various capacities with Bethlehem Steel. Mr. Day holds a Bachelor of Science degree in business education from the University of Wyoming.

*James Merrill* became a Director in October 2017. He has served as the Chief Financial Officer of Flogistix, LP since 2014. From 2006 to 2014, he was the CFO or Controller for GMX Resources, Inc., a small cap, publicly held oil and gas exploration and production company. GMX Resources was reorganized in a Chapter 11 bankruptcy in 2013 and 2014. Mr. Merrill has over 15 years' experience with publicly traded companies either in a controller or CFO position. Upon graduating from college, Mr. Merrill spent eight years with Deloitte & Touche in the firm's audit practice. He is a certified public accountant and has a Bachelor of Business Administration in finance and accounting from the University of Oklahoma.

*Michael Smith* became a Director in June 2019 upon the acquisition of Patriot Chemicals and Services, LLC ("*Patriot*"). Since 1991, he has been the Manager of EnterWest Trading Co., LLC, an oil and gas trading company. Mr. Smith holds a Bachelor of Science degree in business management with a minor in accounting from Southwestern Oklahoma State University and a Master of Business Administration from Oklahoma City University.

### **Other Executive Officers**

In addition to the executive officers who serve on the Board of Directors, we have the following executive officers:

*Gary Presley*, age 63, serves as our Vice President of Sales, a position he has held since the Patriot acquisition in May 2019. Since 2010, he was the President of Patriot. Before forming Patriot in 2010, Mr. Presley spent over 30 years in the production chemical business with companies like Champion, Multichem, and Tretolite/Baker Petrolite. He holds a Bachelor of Science degree in biology from Southeastern Oklahoma State University.

*Andrew Schmidt*, age 51, serves as our Chief Financial Officer, a position he has held since 2018. He is a certified public accountant and the managing partner of Schmidt & Associates, PC, a certified public accounting firm established in 2003. Before that, he worked with Jerry L. Williams as an employee and a partner from 1992 to 2003. Mr. Schmidt holds a Bachelor of Arts degree in accounting and business from Benedictine College.

## OTHER INFORMATION ABOUT DIRECTORS, OFFICERS AND CERTAIN SHAREHOLDERS

### Stock Ownership of Management and Certain Shareholders

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of April 9, 2020, by (a) each director and nominee, (b) each NEO in the Summary Compensation Table, (c) each person that we know or believe to own beneficially five percent or more of the Common Stock, and (d) all directors and NEOs as a group. Unless indicated otherwise, each person has sole voting and dispositive power with respect to the shares.

| <u>Name of Director, Executive Officer,<br/>or Shareholders Holding 5% or More</u>                  | <u>Beneficial Ownership<sup>(1)</sup></u> |                |
|---|---|----------------|
|   | <u>Number of Shares</u>                   | <u>Percent</u> |
| Melvin Smith Revocable Trust<br>Vickie Smith, Trustee<br>602 Carlyon Avenue SE<br>Olympia, WA 98501 | 13,250,000                                | 25.2%          |
| Leon Joyce  | 1,332,250                                 | 2.5%           |
| Troy Todd   | 1,325,400                                 | 2.5%           |
| Todd Jelinek  | 1,355,488                                 | 2.6%           |
| Mark Day  | 486,798                                   | *              |
| James Merrill   | 51,499                                    | *              |
| Michael Smith <sup>(2)</sup>  | 1,825,000                                 | 3.5%           |
| Gary Presley <sup>(3)</sup>   | 1,170,000                                 | 2.2%           |
| George Shaw<br>17504 Cranbrook Rd.<br>Edmond, OK 73015  | 3,386,988                                 | 6.4%           |
| Scott Shaw<br>6500 NW Grand Blvd., #139<br>Oklahoma City, OK 73116                                  | 3,470,880                                 | 6.6%           |
| All directors and named executive<br>officers as a group (7 persons)                                | 5,149,936                                 | 14.3%          |

\* Less than one percent.

(1) Disclosures regarding “beneficial ownership” are made as that term is defined under Federal securities laws.

(2) Mr. Smith has beneficial ownership over 1,800,000 shares, which are held of records by EnterWest Trading Co., LLC.

(3) Mr. Presley’s beneficial ownership includes 400,000 shares held by his spouse, Shelley Presley.

### Corporate Governance

*Board Composition and Meetings.* Our Board of Directors is currently composed of six directors. The Board has determined that three of the directors, Mark Day, James Merrill and Michael Smith, are independent.

In 2019, the full Board met six times with all directors attending at least 75% of the meetings. The Board acted six times by written consent during the year. Management also periodically conferred with directors between meetings regarding our affairs.

*The Compensation Committee.* The Compensation Committee is composed of the independent directors: Mr. Day (Chair), Mr. Merrill and Mr. Smith. It met once in 2019 with all members participating physically. The Committee also acted once by written consent. It sets the compensation levels of the Chief Executive Officer and the other executive officers, and oversees the operation of the equity incentive program and other employee benefits.

*The Audit Committee.* The Audit Committee is composed of the independent directors: Mr. Merrill (Chair), Mr. Day and Mr. Smith. After terminating our registration under the Securities Exchange Act of 1934 (the “*Exchange Act*”) in 2011, we stopped auditing our financial statements. We intend to register under the Exchange Act and will resume financial audits. The Audit Committee oversees our progress toward audited financial statements by independent auditors. It has selected Hogan Taylor LLP to audit our 2020 financial statements and has worked with them to implement an internal system of financial controls as a foundation for an audit. The Audit Committee’s duties include:

(a) recommending the selection of independent auditors, (b) reviewing the scope of the audit to be conducted by them, as well as the results of their audit, (c) reviewing our financial reporting and accounting standards and principles followed, (d) evaluating our internal controls, and (e) overseeing our risk management program. The Audit Committee did not meet in 2019. We certify that we have adopted a formal written audit committee charter and that the Audit Committee reviews and reassesses the adequacy of the charter annually.

Charters for our Audit and Compensation Committees are posted on our website at [www.lphi.com](http://www.lphi.com).

*Director Nominations.* The Board has not delegated its functions to any other standing committees, and thus has not created executive, nominating or other similar committees. The task of nominating directors is undertaken by the full Board. In selecting candidates for director appointments or reelection, the Board believes that it should be composed of directors having a diversified background of knowledge and management expertise. We do not have a formal policy about the consideration of diversity in identifying director nominees, but the Board seeks directors with a variety of complementary skills and perspectives so that, as a group, the Board will possess the appropriate talent, skills, and expertise to oversee our business. The Board considers independence, diversity, age, skills, expertise, time availability, and industry backgrounds in the context of the needs of the Board and EES. The Board ensures that at least two nominees qualify as “independent” under applicable SEC and NASDAQ rules, that members of our Audit Committee meet the financial literacy and sophistication requirements, and that at least one of them qualifies as an “audit committee financial expert” under the SEC rules. Although the Board uses these and other criteria to evaluate potential nominees, we have no stated minimum criteria for nominees. The Board would apply the same standards to evaluate nominees whether they are proposed by our directors and management or by our shareholders.

*Annual Meeting Attendance.* We have a policy of encouraging all directors to attend the Annual Meetings. All our directors attended last year’s Annual Meeting.



*Outside Director Compensation.* We compensate our outside directors \$500 per board or committee meeting attended physically and \$250 for telephonically attended meetings. We also reimburse all ordinary and necessary expenses, including travel expense, incurred in the conduct of our business.

In 2018 and 2019, we provided the following compensation to our non-employee directors.

| <u>Name</u>                  | <u>Director Fees<sup>(1)</sup></u> |             | <u>Stock Awards</u>       |                           | <u>Total(\$)</u> |             |
|------------------------------|------------------------------------|-------------|---------------------------|---------------------------|------------------|-------------|
|                              | <u>2018</u>                        | <u>2019</u> | <u>2018<sup>(2)</sup></u> | <u>2019<sup>(3)</sup></u> | <u>2018</u>      | <u>2019</u> |
| Mark Day                     | \$500                              | \$2,500     | \$4,250                   | \$3,216                   | \$4,750          | 5,716       |
| James Merrill                | \$500                              | \$3,000     | \$4,250                   | \$3,180                   | \$4,750          | \$6,180     |
| Michael Smith <sup>(4)</sup> | -                                  | \$1,500     | -                         | \$3,000                   | -                | \$4,500     |

- (1) The director fees reflect amounts accrued for service in the year indicated.
- (2) On December 26, 2018, we granted to Messrs. Day and Merrill, as outside directors, 25,000 shares of restricted stock, which vest over a three-year period. The values of the grants, regardless of vesting, are reflected in the above table and were calculated based upon the closing price of a share of Common Stock on the date of grant. Mr. Smith was not a director in 2018.
- (3) On December 15, 2019, we granted the following restricted shares to the outside directors: 26,798 shares to Mr. Day, 26,499 shares to Mr. Merrill, and 25,000 shares to Mr. Smith. The shares vest over a three-year period. The values of the grants, regardless of vesting, are reflected in the above table and were calculated based upon the closing price of a share of Common Stock on the date of grant.
- (4) Mr. Smith became a director in June 2019 with the Patriot acquisition.

*Director Insurance and Indemnity.* We maintain directors' and officers' liability insurance policies covering our directors and officers in the course of their service. Our bylaws provide for mandatory indemnification and advancement to hold our directors and executive officers harmless in the event claims are made against them in the course of their service.

*Director Communication.* Shareholders may send communications to the Board (and to individual directors) through Mr. Troy Todd, Secretary, Energy and Environmental Services, Inc., 2601 NW Expressway, Suite 605W, Oklahoma City, Oklahoma 73112, and telephone 800-635-7716. He will forward to the directors all communications that, in his judgment, are appropriate for consideration by the directors. Comments or questions regarding our accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to all members of the Board.

## **Code of Ethics**

We have adopted a Code of Ethics that applies to our directors, management and employees. The latest copy of our Code of Ethics is available under the heading "Governance" on our web site at <https://eesokc.com/investors/>. We intend to disclose future

amendments to certain provisions of our Code of Ethics, or waivers of those provisions, at the same location on our web site.

## Executive Compensation

The following table sets forth the compensation paid or accrued to the Chief Executive Officer and President, the Chief Operating Officer, the Vice President and the Vice President of Sales (they are sometimes called the “*named executive officers*” or “*NEOs*”) for services performed in 2019 and 2018.

### Summary Compensation Table

| Name and<br>Principal Position            | Fiscal<br>Year | Annual Compensation |                      |                                | Other<br>Annual<br>Compensation <sup>(3)</sup> |
|---|----------------|---------------------|----------------------|--------------------------------|--|
|   |                | Salary (\$)         | Bonus <sup>(1)</sup> | Stock<br>Awards <sup>(1)</sup> |  |
| Leon Joyce                                | 2019           | \$164,000           | \$50,000             | \$9,048                        | -  |
| Chief Executive<br>Officer/President      | 2018           | \$115,800           | \$38,655             | -                              | -  |
| Troy Todd                                 | 2019           | \$122,064           | \$50,000             | \$9,048                        | -  |
| Vice President of<br>Operations           | 2018           | \$115,800           | \$38,655             | -                              | -  |
| Todd Jelinek                              | 2019           | \$122,064           | \$50,000             | \$9,048                        | \$10,000                                       |
| Vice President <sup>(4)</sup>             | 2018           | \$115,800           | \$38,655             | -                              | -  |
| Gary Presley                              | 2019           | \$ 68,750           | \$ 1,200             | \$71,800                       | -  |
| Vice President of<br>Sales <sup>(5)</sup> | 2018           | -                   | -                    | -                              | -  |

(1) Based solely on the Board’s discretion, upon recommendation of the Compensation Committee, bonuses are paid to the NEOs.

(2) Upon the Patriot acquisition, Mr. Presley received an award of 250,000 shares of restricted stock, which were valued at \$.2392 per share. In December 2019, Mr. Presley received an award of 100,000 shares of restricted stock and Messrs. Joyce, Jelinek and Todd each received an award of 75,400 shares of restricted stock, which were valued at \$.12 per share.

(3) We have a 401K program for employees, but do not match contributions. The column excludes compensation amounts of less than \$10,000.

(4) Mr. Jelinek received an automobile allowance in 2019.

(5) Mr. Presley joined us in May 2019 with the Patriot acquisition.

## Employment Agreements

We have entered into written employment agreements with each of the Named Executive Officers. These employment agreements provide for “at will” employment. The agreements define the rights and responsibilities of each party, including the rights and responsibilities upon termination of employment. Upon involuntary termination for death or disability, for voluntary terminations by the executive officer, for terminations by EES with or without cause, the executive officer receives only his accrued compensation (including accrued vacation) through the termination date. For terminations after a change in control or

for good reason, the executive officer will receive compensation through the end of the employment year and an additional six months' compensation. "Good reason" is defined as the executive officer's termination after a reduction in compensation, an assignment of duties inconsistent with his office, or an assignment of duties in an office more than ten miles from his present office. The agreements prohibit the executive officer from disclosing our confidential information or business practices or engaging directly or indirectly in competition with us. The executive officer is also prohibited from competing against us or soliciting our clients for two years after his employment terminates.

### **Outstanding Equity Awards at Year-End**

In 2019, we granted restricted stock awards of 75,400 shares to each of Messrs. Joyce, Jelinek and Todd and a restricted stock award of 100,000 shares to Mr. Presley. Each award was valued at \$0.12 as of the date of grant. Before 2019, we had not granted any restricted stock or other equity awards to the named executive officers.

## **ITEM 2 RATIFICATION OF AUDITORS**

### **Vote on the Independent Auditors**

On the recommendation of the Audit Committee, the Board of Directors appointed Hogan Taylor, LLP, independent certified public accountants, to audit the consolidated financial statements of the Company for the year ended December 31, 2020. The Company is advised that no member of Hogan Taylor, LLP, has any direct or material indirect financial interest in the Company or, during the past three years, has had any connection with the Company in the capacity of promoter, underwriter, voting trustee, director, officer or employee. Ratification of the Board's appointment shall be effective upon receiving a majority vote of the Shareholders present and voting at the Annual Meeting.

*The Board of Directors recommends voting "For" this proposal.*

If the appointment is not ratified, the Board of Directors will consider the appointment of other independent auditors. A representative from Hogan Taylor, LLP, is expected to be present at the Annual Meeting, will be offered the opportunity to make a statement, and will be available to respond to appropriate questions.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Related Person Transactions**

We own 50% of Vortex Oilfield Products, LLC ("*Vortex*"), which was formed in 2017 to market and distribute pump barrels coated with our anti-corrosive Enduro-Bond® coating. The other 50% owner is Daxon Investments, LLC ("*Daxon*"), which is 50% owned and managed by our director, Mark Day. Mr. Day and Leon Joyce are the managers of Vortex. Under the arrangement, Vortex buys the pump barrels and has contracted with us for an exclusive ten-year term to coat the pump barrels at our standard pricing. In 2018 and 2019, Vortex paid us \$34,620 and \$31,760, respectively, for coating pump barrels. Once coated, Vortex distributes the pump barrels through direct sales and sales representatives. Vortex has

contracted with Opeco, Inc., which is also partially owned and managed by Mr. Day. Under the distribution agreement, Opeco purchases the coated pump barrels from Vortex at a discount and distributes them within the states of Oklahoma, Arkansas, Kansas, Alabama, Mississippi, McCook County, Nebraska, certain counties in northern Louisiana, and certain counties in northern and eastern Texas and the Texas panhandle. We entered into these arrangements in 2017, and in 2018 we and Daxon each invested \$27,283 in Vortex. Opeco bought \$135,981 in pump barrels from Vortex in 2018 and \$75,961 in 2019.

We have a separate distribution agreement with Opeco for the sale of our coating products. The agreement covers the same territory as the Vortex distribution agreement described above. Opeco receives a 10% sales commission on coating sales within the territory and may buy coating products from us at a 20% discount for resale. In 2018 and 2019, we paid Opeco \$19,100 and \$18,864, respectively, for sales under the distribution agreement. Opeco purchased \$76,850 of coatings products from us in 2018, and \$49,474 in 2019.

We believe that these arrangements are appropriate, and the payments are reasonable and equal to or less than amounts that would be payable to an unaffiliated third party for comparable service.

### **Related Person Transactions Policy and Procedures**

We have a corporate policy for the identification, review, consideration and approval or ratification of “related person transactions”. For purposes of our policy only, a “related-person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related person” are participants involving an amount that exceeds \$10,000. Transactions involving compensation for services provided to us as an employee, director, consultant or similar capacity by a related person are not covered by this policy. A related person is any executive officer, director, or more than 5% shareholder, including any of their immediate family members, and any entity owned or controlled by those persons. The Board has adopted a written policy covering relating party transactions.

## **OTHER INFORMATION ABOUT THE ANNUAL MEETING**

### **Other Matters Coming Before the Meeting**

As of the date of this Proxy Statement, we know of no business to come before the Annual Meeting other than that referred to above. Our rules of conduct for the Annual Meeting prohibit the introduction of substantive matters not previously presented to the Shareholders in a proxy statement. As to other business, such as procedural matters that may come before the meeting, the person or persons holding proxies will vote those proxies in the manner they believe to be in the best interests of us and our Shareholders.

### **Shareholder Proposals for the Next Annual Meeting**

Any shareholder proposal intended for inclusion in our Proxy Statement for the 2021 Annual Meeting must be received at our offices, at 2601 NW Expressway, Suite 605W,

Oklahoma City, Oklahoma 73112, no later than March 1, 2021. Any shareholder proposals received after this date will be considered untimely.

Shareholders who intend to present a proposal at the 2021 Annual Meeting without including the proposal in our Proxy Statement, or who propose to nominate a person for election as a director at the 2021 Annual Meeting, are required to provide notice of the proposal or nomination, containing the information required by our Bylaws, to us no more than 120 days or less than 90 days before the one-year anniversary of the 2020 Annual Meeting.

**Additional Information**

We bear the cost of soliciting proxies. Our officers and regular employees may solicit proxies by further mailings, personal conversations, or by telephone, facsimile or other electronic transmission. They will do so without compensation other than their regular compensation.

Our Annual Report and past newsletters are available without charge to any Shareholder, upon request, by calling 800-635-7716 or writing to Mr. Troy Todd, Secretary, Energy and Environmental Services, Inc., 2601 NW Expressway, Suite 605W, Oklahoma City, Oklahoma 73112.

By Order of the Board of Directors

/s/ Troy Todd

Troy Todd  
Secretary

April 16, 2020