

Advanced Emissions Solutions, Inc.
Form PRE 14A
April 11, 2019
United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Advanced Emissions Solutions, Inc.
(Name of registrant as specified in its charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Check the appropriate box:

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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 - 4) Proposed maximum aggregate value of transaction:
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- 3) Filing Party:
- 4) Date Filed:

April [], 2019

Dear Fellow Stockholder:

On behalf of the Board of Directors, we are pleased to invite you to the 2019 Annual Meeting of Advanced Emissions Solutions, Inc.'s Stockholders, which will be held at 9:00 a.m. (local time) on June 18, 2019 at the Denver Marriott Tech Center located at 4900 S. Syracuse Street, Denver, Colorado 80237.

At the Annual Meeting, you will be asked to elect six directors, provide your advisory approval on our executive compensation, ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019 and approve the Second Amendment of the Company's Tax Asset Protection Plan.

Your Board of Directors and management look forward to greeting those of you who are able to attend the Annual Meeting. The accompanying notice of meeting and this Proxy Statement provide specific information about the Annual Meeting and explain the various proposals. Please read these materials carefully.

Thank you for your continued support of and interest in our Company.

L. Heath Sampson
President and Chief Executive Officer

ADVANCED EMISSIONS SOLUTIONS, INC.

640 Plaza Drive, Suite 270

Highlands Ranch, Colorado 80129

Telephone: (888) 822-8617

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

The Annual Meeting of Stockholders of Advanced Emissions Solutions, Inc. ("ADES" or the "Company"), a Delaware corporation, will be held at 9:00 a.m. (local time) on June 18, 2019 at the Denver Marriott Tech Center located at 4900 S. Syracuse Street, Denver, Colorado 80237, or at any postponement or adjournment thereof, for the following:

1. To elect six directors of the Company;
2. To approve, in an advisory vote, our executive compensation;
3. To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;
4. To approve the Second Amendment of the Company's Tax Asset Protection Plan; and
5. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Stockholders of record at the close of business on April 22, 2019 are entitled to notice of and to vote at the Annual Meeting.

Our stockholders are cordially invited to attend the Annual Meeting in person. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares by telephone or Internet, or by completing, signing and dating the available proxy card and returning it promptly to the Company.

Please call on our toll-free number (888-822-8617) if you require directions or have other questions concerning the meeting. Directions to the Annual Meeting are also located on the back cover of this Proxy Statement.

By Order of the Board of Directors,

Greg P. Marken

Chief Financial Officer, Treasurer and Secretary

April [], 2019

Important Notice

Regarding Internet Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on June 18, 2019

The Company's Proxy Statement and Annual Report to Stockholders are Available at: www.proxyvote.com

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PROXY STATEMENT

This Proxy Statement is furnished to the stockholders of Advanced Emissions Solutions, Inc., a Delaware corporation, ("ADES" or the "Company") in connection with the solicitation of proxies by the Company's Board of Directors (the "Board"), to be voted at our annual meeting of stockholders ("Annual Meeting" or "meeting") to be held at 9:00 AM on Tuesday, June 18, 2019, at the Denver Marriott Tech Center located at 4900 S. Syracuse Street, Denver, Colorado 80237, and any postponements or adjournments thereof. This Proxy Statement and accompanying form of proxy is first being made available to our stockholders on or about April 30, 2019. The shares represented by all proxies that are properly executed and submitted will be voted at the meeting in accordance with the instructions indicated thereon, and if no instructions are given, then to the extent permitted by law, in the discretion of the proxy holder. Throughout this Proxy Statement, the terms "we," "us" "our" and "our Company" refer to Advanced Emissions Solutions, Inc. and, unless the context indicates otherwise, our consolidated subsidiaries.

VOTING RIGHTS AND VOTE REQUIRED

Our Board has fixed the close of business on April 22, 2019 as the record date (the "Record Date") for determination of stockholders entitled to notice of and to vote at the meeting. On the Record Date, [] shares of our common stock were issued and outstanding, each of which entitles the holder thereof to one vote on all matters that may come before the Annual Meeting. We do not have any class of voting securities outstanding other than our common stock. An abstention or withholding authority to vote will be counted as present for determining whether the quorum requirement is satisfied. If a quorum exists, actions or matters other than the election of the Board are approved if the votes cast in favor of the action exceed the votes cast opposing the action unless a greater number is required by the Delaware General Corporation Law (the "DGCL") or our Second Amended and Restated Certificate of Incorporation. The six nominees receiving the highest number of votes cast will be elected as directors. Abstentions will not affect the election of directors.

If, as of the Record Date your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then that firm or organization is the stockholder of record for purposes of voting at the Annual Meeting and you are considered the beneficial owner of shares held in "street name." If you are a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares held in your account. If you do not instruct your broker on how to vote your shares, your brokerage firm, in its discretion, may vote your shares on routine matters or they may elect not to vote your shares. The proposal to ratify the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2019 is considered a "routine matter," but the other proposals being voted on at the Annual Meeting are not considered "routine matters" and brokers will not be entitled to vote on those proposals absent specific instructions and authorization from the beneficial owners of the shares. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." A broker non-vote occurs when a nominee holding shares for a beneficial holder does not have discretionary voting power and does not receive voting instructions from the beneficial owner. Broker non-votes on a particular proposal are considered present for purposes of determining a quorum, but will not be treated as shares present and entitled to vote on any proposal other than the ratification of our public accounting firm and accordingly will have no effect on such vote.

We invite beneficial owners to attend the Annual Meeting. If you are a beneficial owner and not a stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent and bring such proxy to the Annual Meeting. If you want to attend the Annual Meeting, but not vote, you must provide proof of beneficial ownership as of the Record Date, such as your most recent account statement prior to April 22, 2019, a copy of the voting instruction card provided by your broker or other agent or other similar evidence of ownership.

A minimum of one-third of the shares of our common stock ("Common Stock") issued and outstanding must be represented at the meeting in person or by proxy in order to constitute a quorum. Cumulative voting is not allowed for any purpose.

Unless instructions to the contrary are marked, or if no instructions are specified, shares represented by proxies will be voted:

FOR ALL the persons nominated by the Board for Directors, being: Brian Leen, Gilbert Li, R. Carter Pate, L. Heath Sampson, J. Taylor Simonton, and L. Spencer Wells;

FOR the approval, on an advisory basis, of the compensation of the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion as set forth under the Executive Compensation section of this Proxy Statement;
FOR the ratification of the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019; and

FOR the approval of the Second Amendment of the Company's Tax Asset Protection Plan.

We do not know of any other matter or motion to be presented at the Annual Meeting. If any other matter or motion should be presented at the Annual Meeting upon which a vote must be properly taken, to the extent permitted by law, the persons named in the accompanying form of proxy intend to vote such proxy in the discretion of such person as the directors of the Company may recommend, including any matter or motion dealing with the conduct of the Annual Meeting.

Voting by Mail, Facsimile, via the Internet or by Telephone

Stockholders whose shares are registered in their own names may vote by mailing or faxing a completed proxy card, via the internet or by telephone. Instructions for voting via the internet or by telephone are set forth on the enclosed proxy card. To vote by mailing or faxing a proxy card, sign and return the available proxy card to the Company and your shares will be voted at the Annual Meeting in the manner you direct. If no directions are specified, your shares will be voted as described above.

If your shares are registered in the name of a bank or brokerage firm, you may be eligible to vote your shares over the internet or by telephone rather than by mailing a completed voting instructions card provided by the bank or brokerage firm. Please check the voting instructions card provided by your bank or brokerage house for availability and instructions. If internet or telephone voting is unavailable from your bank or brokerage house, please complete and return the voting instructions card provided by the bank or brokerage firm.

Any stockholder who completes a proxy or votes via the internet or by telephone may revoke the action at any time before it is exercised at the Annual Meeting by delivering written notice of such revocation to the Company's Secretary (Greg P. Marken), 640 Plaza Drive, Suite 270, Highlands Ranch, Colorado, 80129, by submitting a new proxy executed at a later date, or by attending the Annual Meeting and voting in person.

PROPOSAL ONE

ELECTION OF DIRECTORS OF THE COMPANY

Our Nominating and Governance Committee has recommended to our Board the slate of six directors for election by our stockholders, and the Board approved the recommendation and the slate of directors. Each director will hold office until the next Annual Meeting of Stockholders and thereafter until a successor is elected and qualified. Cumulative voting is not permitted in the election of directors. IN THE ABSENCE OF INSTRUCTIONS TO THE CONTRARY, THE INDIVIDUALS NAMED IN THE ACCOMPANYING PROXY WILL VOTE IN FAVOR OF THE ELECTION OF THE FOLLOWING PERSONS NAMED AS OUR NOMINEES FOR DIRECTORS: BRIAN LEEN, GILBERT LI, R. CARTER PATE, L. HEATH SAMPSON, J. TAYLOR SIMONTON AND L. SPENCER WELLS. Each of the nominees has consented to be named herein and to serve if elected. We do not anticipate that any nominee will become unable or unwilling to accept nomination or election, but if this should occur, the persons named in the proxy intend to vote for the election in his or her stead of such other person as the Board may recommend. It is the policy and practice of the Company that all directors who reside in the metropolitan Denver, Colorado area attend the Annual Meeting.

Detailed biographical information about each director nominee can be found under the Corporate Governance section of this Proxy Statement. The following table sets forth certain information, including expected Committee membership as of June 18, 2019, as to each director nominee of the Company:

Name	Age	Position and Offices	Director Since
Brian Leen	50	Director, Member of Activated Carbon Committee	2019
Gilbert Li	41	Director, Chairperson of Nominating and Governance Committee and Member of Audit Committee and Compensation Committee	2016
R. Carter Pate	64	Director, Chairperson of Compensation Committee and Member of Audit Committee and Nominating and Governance Committee	2016
L. Heath Sampson	48	Director, President and Chief Executive Officer and Member of the Activated Carbon Committee	2015
J. Taylor Simonton	74	Director, Chairperson of the Audit Committee and Member of Nominating and Governance Committee and Activated Carbon Committee	2014
L. Spencer Wells	48	Director, Chairperson of the Board and Member of Compensation Committee	2014

No family relationship exists between any directors or executive officers.

Director Compensation information for the fiscal year ended December 31, 2018 can be found under the "Director Compensation" section of this Proxy Statement.

Board Recommendation

Our Board recommends that you vote "FOR" all of the persons nominated above, being Brian Leen, Gilbert Li, R. Carter Pate, L. Heath Sampson, J. Taylor Simonton and L. Spencer Wells.

CORPORATE GOVERNANCE

Directors of the Company

The Nominating and Governance Committee of the Board seeks directors with strong reputations and experience in areas relevant to our strategy and operations, such as environmental and chemical technologies, and government regulation and relations, as well as overall business acumen and experience in financial matters. Each of our current directors, which are all the director nominees set forth in this Proxy Statement holds or has held senior executive positions in complex organizations and has operating experience that meets this objective, as described below. In these positions, the directors have also gained experience in core management skills, such as strategic and financial planning, public company financial reporting, corporate governance, executive compensation, risk management and leadership development. The Nominating and Governance Committee also believes that each of the directors has other key attributes that are critical to the composition of an effective Board: integrity and demonstrated impeccable ethical standards, sound judgment, analytical skills, the ability to work together in a constructive and collaborative fashion and the commitment to devote significant time and energy to service on the Board and its Committees.

The specific experience, qualifications and background of each director for election by our stockholders is as follows:

L. Spencer Wells has served as a director since 2014 and as Chairman of the Board of the Company since 2016. Mr. Wells has over 15 years of experience as an investor and financial analyst and is a founding Partner of Drivetrain Advisors a provider of fiduciary services to the alternative investment community. Prior to founding Drivetrain Advisors in 2013, Mr. Wells served as a Senior Advisor at TPG Special Situations Partners from 2010 to 2012. Mr. Wells currently serves on the Boards of several public and private companies, among them Town Sports International, Inc., NextDecade Corporation, Vanguard Natural Resources, Inc., Parker Drilling Company, Vantage Drilling International and Jones Energy, Inc. Mr. Wells has previously served on the Boards of public companies over the last five years, including Roust Corporation, Affinion Group, Inc. and Syncora Holdings, Ltd. From 2010 to 2012, Mr. Wells was a partner of TPG Special Situations Partners, during which time he helped to create and manage an investment portfolio approximated at \$2.5 billion. From 2002 until 2009, Mr. Wells served as a Partner and a Portfolio Manager at Silverpoint Capital. While at Silverpoint, he covered the energy, chemicals, and building products sectors and managed an investment portfolio estimated at \$1.3 billion. Mr. Wells holds a B.A. in psychology from Wesleyan University and an M.B.A. from Columbia Business School.

Director Qualifications:

Leadership Experience - Extensive experience as a corporate board member. Senior Advisor and a prior partner at TPG Special Situations Partners, Director for the Center for Music National Service, prior Director for Alinta Holdings and Kerogen Resources, and Trustee and Co-Chair of the Development Committee for Western Reserve Academy.

Industry Experience - Through his various roles as a financial analyst and director, he has covered the energy chemicals and building products sectors.

Finance Experience - Extensive and varied experience with over 15 years of involvement as a financial analyst. Currently serves on the Audit Committees of two public companies and one private company.

Gilbert Li has served as a director of the Company since 2016. Mr. Li is currently the Co-Founder and Managing Partner of Alta Fundamental Advisers, a private investment company, holding this position since January 2013. Beginning on February 1, 2018, he has also served as a manager on the Board of Managers of Tinnuum Group, LLC ("Tinnuum Group"). He has spent his career focused on value-oriented investing across the capital structure. From January 2009 through January 2013, Mr. Li was an investment analyst for JMB Capital Partners, a \$1.3 billion hedge fund. He has also previously held the roles of portfolio manager, trader and investment analyst at Merrill Lynch, Watershed Asset Management and J.P. Morgan Investment Management. Mr. Li attended the University of California, Berkeley with majors in chemical engineering and material science engineering and a minor in business administration.

Director Qualifications:

- Leadership Experience - Co-Founder and Managing Partner of Alta Fundamental Advisers.
-

Industry Experience - Invested, analyzed, and traded many energy, alternative energy, coal, and tax credit-related companies.

R. Carter Pate has served as a director of the Company since 2016. Mr. Pate is currently the Founder and Chief Executive Officer of Phoenix Effect, LLC, serving as a Consultant and Advisory Board Member to public and private Boards of Directors since 2014. Mr. Pate is also the interim Chief Executive Officer of Providence Service Corporation, Inc.

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(NASDAQ: PRSC), which is a publicly held corporation headquartered in Stamford, Connecticut. Mr. Pate previously served as Chief Executive Officer of MV Transportation, Inc., the largest privately-owned passenger transportation contracting firm based in the U.S. from 2011 to 2014. From 1996 to 2011, Mr. Pate was employed by PricewaterhouseCoopers, LLP ("PwC"), one of the world's largest accounting and professional service firms. From 2010 to 2011, he was the U.S. and Global Managing Partner of PwC's Capital Projects and Infrastructure practice. From 2008 to 2010, he was the Global and U.S. Managing Partner of PwC's Health Care Practice, and from 2005 to 2008, he was the U.S. Managing Partner of Government Services. From 2004 to 2005, Mr. Pate was PwC's Managing Partner of U.S. Markets, and from 2000 to 2004, Mr. Pate was PwC's Managing Partner of Financial Advisory Services. He served as a Partner and Leader in PwC's U.S. Restructuring Practices from 1996 to 2000. Mr. Pate previously served as a director, Interim President and Chief Executive Officer of Sun Television and Appliances, Inc., a national retailer, as a director and Chief Executive Officer of Sun Coast Industries, Inc. and as Director of Finance at William Hudson Chemical Trading. He also founded his own management consulting firm. Mr. Pate has a Master's degree in Accounting and Information Management from the University of Texas at Dallas and a B.S. degree in Accounting from Greensboro College and is a CPA.

Director Qualifications:

Leadership Experience - Founder and Chief Executive Officer of Phoenix Effect, LLC, Chief Executive Officer of MV Transportation, director, Interim President and Chief Executive Officer of Sun Television and Appliances, director and Chief Executive Officer of Sun Coast Industries, director of several public and private companies and multiple leadership positions at PwC.

Industry Experience - During Mr. Pate's years as a Partner in charge of PwC's U.S. Advisory Practice, the Advisory energy practice reported to him and he served as an advisor to several oil field services firms as well as a Fluid Catalyst Cracking (FCC) manufacturer. He also served as an advisor to one of America's largest energy companies in a multi-year restructuring effort. As the U.S. Managing Partner of PwC's government practice, he was involved in consulting relationships with U.S. Government contracting energy companies. He maintains his DoD Top Secret Clearance.

L. Heath Sampson is the President and Chief Executive Officer of the Company ("CEO"). Mr. Sampson has served in this role since April 1, 2015. Prior to his appointment as President and CEO, Mr. Sampson served as Chief Financial Officer and Treasurer of the Company from August 27, 2014. Mr. Sampson is also a Director or Manager and an officer for all 100%- owned ADES subsidiaries and a Manager on the Board of Managers of Tinum Group. Prior to joining the Company, he served Square Two Financial, a \$500 million private equity backed consumer collections company, as Chief Financial Officer and led a corporate restructuring project. From January 2007 to August 2009, Mr. Sampson served as Chief Financial Officer of First Data Financial Services, a business unit of First Data Corporation, a large-market global SEC registrant, and led strategy development for the \$2.5 billion business unit with over 15,000 employees. From February 2005 to January 2007, he served First Data Corporation as the business unit Chief Financial Officer for both the Innovative Payments and Integrated Payment Systems business units. At First Data Corporation, Mr. Sampson also led corporate restructuring projects and was instrumental to a large solution-based corporate turnaround sales effort. He was also employed by Arthur Andersen LLC from the mid-1990's until the early 2000's. During his time at Arthur Andersen, Mr. Sampson served as the Manager of Audit Services and Senior Manager of Business and Risk Consulting. His early business consulting career provided him with broad-based experience in all aspects of corporate operations including supply chain, financial management, operations, customer experience and organizational design. Mr. Sampson holds a Bachelor's of Business Administration-Accounting and Master's of Accountancy from the University of Denver.

Director Qualifications:

Leadership Experience - President and CEO of the Company; former Chief Financial Officer of the Company, Square Two Financial and multiple business units of First Data Corporation including First Data Financial Services; former manager of audit services and former senior manager of business and risk consulting at Arthur Andersen LLP.

Industry Experience - President and CEO and former Chief Financial Officer of the Company.

Finance Experience - former Chief Financial Officer of the Company; former Chief Financial Officer of Square Two Financial and multiple business units of First Data Corporation including First Data Financial Services; former manager of audit services and former senior manager of business and risk consulting at Arthur Andersen LLP; Bachelor's of Business Administration-Accounting and Master's of Accountancy from the University of Denver.

J. Taylor Simonton has served as a director of the Company since 2014. Mr. Simonton is a director and member of the Audit Committee (Chairman effective May 2018) and Governance Committee since May 2017 of Master Chemical Corporation, a private company in the specialty industrial fluids industry. Since May 2017, he also is a director and Audit Committee Chairman of Surna Inc., which develops innovative technologies and products that monitor, control and address the energy and resource intensive nature of indoor cultivation. From October 2013 to June 2018, Mr. Simonton was a director of Escalera Resources Co., a developer of natural gas and crude oil properties in the Rocky Mountain region. He served Escalera Resources as the Audit Committee Chair and a member of the Compensation and Nominating and Governance Committees. From September 2008 to July 2015, Mr. Simonton was a director of Crossroads Capital, Inc. (now a liquidating trust). He served Crossroads Capital as the Lead Director, Chair of the Audit Committee, Member of the Nominating & Governance Committee and Compensation and Valuation Committee, and served as the Chair of the Valuation Committee from 2008 to 2011. Mr. Simonton served as a director and Chair of the Audit Committee for Zynex, Inc. (OTC: ZYXI) from October 2008 to January 2014. He served as a director, Chair of the Audit Committee (2005-2009), and a member of the Nominating and Governance Committee of Red Robin Gourmet Burgers, Inc. (NASDAQ: RRGB) from September 2005 to May 2013. Mr. Simonton was a member of the Board of Directors of the Colorado Chapter of the National Association of Corporate Directors (“NACD”) from September 2005 to July 2015, serving at various times as the Chairman, President, Treasurer and Publicity Chair/Editor. Mr. Simonton is a Board Leadership Fellow, the highest director credential of NACD. He is a member of the American Institute of CPAs and Colorado Society of CPAs. For 35 years, Mr. Simonton served at PwC, one of the world’s largest accounting and professional services firms, including 23 years as an Assurance Partner and seven years in the firm’s SEC Department of its National Professional Services Group, four of which were international. Mr. Simonton received a B.S. degree in accounting from the University of Tennessee and is a CPA.

Director Qualifications:

Leadership Experience - Director and Chair of the Audit Committee of Master Chemical Corporation (private company); Director and Chair of the Audit Committee of Surna Inc.; former Director and Chair of the Audit Committee of Escalera Resources Co.; previously Lead Director, and Chair of the Audit Committee of Crossroads Capital, Inc.; former Director and Chair of the Audit Committee for Zynex, Inc., Red Robin Gourmet Burgers, Inc., and one other public company; Chairman, President, and Treasurer of the Board of Directors of the Colorado Chapter of NACD; Board Leadership Fellow, the highest director credential of NACD; and Colorado 2014 Outstanding Public Company Director, as awarded by the Denver Business Journal and NACD Colorado.

Industry Experience - Varied experience throughout the years at PwC in the industry and as a former director of Escalera Resources Co., a developer of natural gas and crude oil properties in the Rocky Mountain region.

Finance Experience - Extensive and varied experience for over 45 years in financial accounting and auditing, including 35 years at PwC. He holds a CPA and is member of the American Institute of CPAs and Colorado Society of CPAs.

Brian Leen was appointed as a director of the Company in February 2019. Previously, Mr. Leen served as President and Chief Executive Officer of ADA Carbon Solutions, LLC (“Carbon Solutions”) until December 7, 2018, on which date the Company acquired Carbon Solutions (the “Carbon Solutions Acquisition”). Mr. Leen is now the President and Chief Executive Officer of Gopher Resource, LLC, a leading provider of environmental services to battery manufacturers. Mr. Leen has over 25 years of experience in the specialty chemicals and materials industry. Under his leadership, Carbon Solutions grew to become the largest provider of mercury control technology to the coal fired power industry increasing its market share of activated carbon five fold in eight years. Prior to joining Carbon Solutions in 2010, he was President of the North American printing ink operations for Sun Chemical Corporation, a global provider of printing inks and pigments with approximately \$3.5 billion in revenues and 10,000 employees. He also led the Performance Pigments Group of Sun Chemical, a global leader in the development, manufacture and sale of organic pigments. Mr. Leen has a diverse background running global businesses and a track record for driving growth. He has led various M&A efforts and strategic growth initiatives along with operational efficiency efforts including ERP deployment and Six Sigma. Mr. Leen holds a Bachelor’s in Marketing from the University of Kentucky and is a graduate of the Executive Management Program at the University of Michigan.

Director Qualifications:

Leadership Experience - Held various business leadership roles with overall responsibility for the financial performance of the business and the development and execution of a long term growth strategy. Led multinational businesses ranging in size and scope up to ~\$1.0B in revenue and 2,000 employees as President of NAI / Sun Chemical Corp. Served on several boards and as a board advisor to various portfolio companies of Energy Capital Partners (ECP) and industry associations.

Industry Experience - Former President and CEO of Carbon Solutions for eight years, led the company from approximately 10% market share to over 50% of the market share for activated carbon in mercury control; over 25 years of experience in B to B businesses most significantly in specialty chemicals

Finance Experience - Participation and leadership of several M&A activities on both buy and sell side initiatives including execution and management of international joint ventures. Experience in term loan acquisition, enterprise recapitalization and relationship management.

Director Independence

Our current Board consists of four independent directors, as defined in NASDAQ Marketplace Rule 4200(a)(15). In our fiscal year 2018, all directors other than Mr. Sampson qualified as "independent directors." Further, Mr. Leen, who joined the Board on February 27, 2019, is also not independent. The Board maintains audit, compensation, and nominating and governance committees, each of which was and is comprised solely of independent directors. The charter of each committee is available on our website at www.advancedemissionsolutions.com under the "Leadership & Governance" section of "ADES Investors."

Board Meetings and Committees

Our Board is responsible for establishing broad corporate policies and monitoring the overall performance of the Company. However, in accordance with corporate legal principles, the Board is not involved in day-to-day operating matters. Members of the Board are kept informed of the Company's business by participating in Board and committee meetings, by reviewing analysis and reports sent to them weekly and monthly, and through discussions with the CEO and other officers.

The Board met 18 times in 2018. At each of the Board meetings, the independent directors were polled to determine if they believed an "executive session" was needed. In 2018, the Board held four executive sessions where management of the Company was excluded. The Audit Committee met nine times in 2018. The Compensation Committee met five times in 2018. The Nominating and Governance Committee met five times in 2018. All of the directors were present for more than 75% of the meetings of the Board and the committees of which they were members.

Stockholder Communications to Directors

Any stockholder may communicate directly with the Board (or any individual director) by writing to the Chairperson of the Board, Advanced Emissions Solutions, Inc., 640 Plaza Drive, Suite 270 Highlands Ranch, Colorado 80129 or by emailing the Board through the "Contact the Board" link on our website at www.advancedemissionsolutions.com. Any such communication should state the number of shares beneficially owned by the stockholder making the communication. Provided that such communication addresses a legitimate business issue, the Company or the Chairperson will forward the stockholder's communication to the appropriate director. For any communication relating to accounting, auditing or fraud, such communication will be forwarded promptly to the Chairperson of the Audit Committee.

Code of Ethics

We have adopted a Code of Ethics and Business Conduct that includes a code of ethics as defined in Item 406(b) of SEC Regulation S-K. Our Code of Ethics and Business Conduct incorporates our Insider Trading Policy, which applies to our officers, directors, and employees, including the principal executive officer, principal financial officer, principal accounting officer or controller or other persons performing similar functions. A copy of our Code of Ethics and Business Conduct is available on our website at www.advancedemissionsolutions.com. We intend to disclose any amendments to our Code of Ethics and Business Conduct, or waivers of such provisions granted to executive officers and directors, on our website.

Board Leadership Structure and Role in Risk Oversight

We have a policy of keeping the roles of Chief Executive Officer and Chairperson of the Board separate, and the roles are currently filled by two different individuals. We believe this arrangement is appropriate as it recognizes the distinction between the role played by the Chief Executive Officer, which is a position being more heavily oriented towards day-to-day management, while the Chairperson functions as an independent director, whose role is to oversee the Board and is also able to participate in and chair executive sessions of the Board.

The Board has designated the Audit Committee to take the lead in overseeing risk management, and the Audit Committee periodically reports to the Board regarding briefings provided by management and advisors as well as the Audit Committee's own analysis and conclusions regarding the adequacy of the Company's risk management

processes. In addition to this compliance program, the Board encourages management to promote, and management is committed to promoting, a corporate culture that incorporates risk management into the Company's strategy and day-to-day business operations. The Board and management continually work together to assess and analyze our most likely areas of risk.

Audit Committee

Our Board has an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Mr. Simonton currently serves as the Chairperson of the Audit Committee. For 2018, our Board appointed Messrs. Simonton, Li, and Pate to serve on the Audit Committee. For 2017, our Board appointed Messrs. Simonton, Johnson and Pate to serve on the Audit Committee. Mr. Johnson did not stand for reelection to the Board in June 2018. Our Board determined that Mr. Simonton and Mr. Pate are each an "audit committee financial expert." Each Audit Committee member is "independent" as that term is used in the listing requirements for the NASDAQ Stock Market, and a brief listing of his relevant experience is stated in his biography above under the caption entitled "Directors of the Company."

The role and functions of the Audit Committee are set out in the Audit Committee Charter, originally adopted by the Company's Board and most recently amended on August 11, 2016. The role of the Audit Committee is one of oversight of the services performed by the Company's independent registered public accounting firm. The Audit Committee's functions include the following: reviewing and assessing the Audit Committee Charter annually; overseeing the Company's compliance with legal, ethical and regulatory requirements, including the Code of Ethics and Business Conduct and approving related party transactions; overseeing the Company's processes to identify and manage business and financial risk; appointing, approving the compensation of and reviewing the Company's relationships with its independent registered public accounting firm and/or other auditors and assessing the impact such relationships may have on the auditors' objectivity and independence; taking other appropriate action to oversee the independence of the outside auditors; reviewing and considering the matters identified in Auditing Standard No. 1301 adopted by the Public Company Accounting Oversight Board ("PCAOB") with the outside auditors and management; reviewing and discussing the Company's financial statements and report on internal control with the outside auditors and management; reviewing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC; and reporting to the Board on all such matters. In performing its oversight function, the Audit Committee relies upon advice and information received in its discussions with the Company's management and independent registered public accounting firm. The Audit Committee pre-approves all audit or non-audit services performed by our independent registered public accounting firm in accordance with Audit Committee policy and applicable law.

Compensation Committee

For 2018, our Board appointed a Compensation Committee currently consisting of Messrs. Li, Pate and Wells. Mr. Pate currently serves as the chairperson of the Compensation Committee. For 2017, our Board appointed a Compensation Committee consisting of Messrs. Li, Pate and Simonton. The responsibilities of the Compensation Committee, as set forth in the Compensation Committee Charter include reviewing our executive compensation programs to analyze their alignment with attracting, retaining and motivating our executive officers to achieve our business objectives; establishing annual and long-term performance goals for our executive officers and evaluating their performance in light of such goals; reviewing, approving and, when appropriate, making recommendations concerning our long-term incentive plans; reviewing and making recommendations regarding stockholder proposals related to compensation; and administering our equity-based and employee benefit plans. See "Executive Compensation" below for additional information.

Nominating and Governance Committee

For 2018, our Board appointed a Nominating and Governance Committee currently consisting of Messrs. Li, Pate and Simonton. Mr. Li currently serves as the Chairperson of the Nominating and Governance Committee. For 2017, our Board appointed Messrs. Johnson, Li and Simonton to serve on the Audit Committee. Mr. Johnson did not stand for reelection to the Board in June 2018. The responsibilities of the Nominating and Governance Committee include recommending the number of directors to serve on the Board; selecting director nominees for the Board; reviewing director compensation and benefits; submitting the same to the entire Board for approval; overseeing the annual self-evaluation of the Board and its committees; recommending the structure and composition of Board committees to the entire Board for approval; monitoring in conjunction with the Audit Committee compliance with our Code of Ethics and Business Conduct; granting any waivers thereto with respect to directors and executive officers; recommending individuals to serve as Chairperson of the Board and Chief Executive Officer; and reviewing the Chief Executive Officer's recommendations for individuals to serve as executive officers and analyzing and recommending such persons to the Board.

Criteria established for the selection of candidates for the Board include:

- An understanding of business and financial affairs and the complexities of an organization that operates as a public company;
- A genuine interest in representing all of our stockholders and the interests of the Company overall;
- A willingness and ability to spend the necessary time required to function effectively as a director;

• An open-minded approach to matters and the resolve and ability to independently analyze matters presented for consideration;

• A reputation for honesty and integrity that is above reproach;

• Any qualifications required of independent directors by the NASDAQ Stock Market and applicable law; and

• As to any candidate who is an incumbent director (who continues to be otherwise qualified), the extent to which the continuing service of such person would promote stability and continuity amongst the Board as a result of such person's familiarity and insight into the Company's affairs, and such person's prior demonstrated ability to work with the Board as a collective body.

Director nominees are generally identified by our directors, stockholders or officers based on industry and business contacts. Regardless of the source of the nomination, nominees are interviewed and evaluated by the Nominating and Governance Committee, other members of the management team, and the Board as deemed appropriate by the Nominating and Governance Committee. The Nominating and Governance Committee then presents qualified candidates to the Board for a final discussion and vote.

We do not have a formal policy with respect to the consideration of diversity in the identification of director nominees, but the Nominating and Governance Committee strives to select candidates for nomination to the Board with a variety of backgrounds and complementary skills so that, as a group, the Board possesses the appropriate talent, skills, perspectives and expertise to oversee the Company's businesses.

Under the Nominating and Governance Committee Charter, the Nominating and Governance Committee will consider nominees s