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# MANAGEMENT INFORMATION CIRCULAR

DATED MARCH 16, 2022

ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 28, 2022

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# PASON SYSTEMS INC.

## Notice of Annual General Meeting of Shareholders

The holders of common shares (the “Shareholders”) of Pason Systems Inc. (“Pason”) are invited to our Annual General Meeting of Shareholders (the “Meeting”).

### Date and Time

Thursday, April 28, 2022 at 3:30 p.m. (Mountain Standard Time)

### Location

The Meeting will be conducted via live audio webcast at [meetnow.global/M77P2HM](https://meetnow.global/M77P2HM). Additional details on how to access and login to the Meeting will be provided on Pason’s website at [www.pason.com](http://www.pason.com).

### Items of Business

The following items of business will be addressed at the Meeting:

1. Receive the audited consolidated financial statements and the report of the auditors for the year ended December 31, 2021;
2. Fix the number of directors to be elected at the Meeting at six;
3. Elect the directors of Pason for the ensuing year;
4. Reappoint Deloitte LLP as auditors of Pason for 2022 and authorize Pason’s Board of Directors to fix their remuneration;
5. Conduct a non-binding “say on pay” advisory vote on Pason’s approach to executive compensation; and
6. Transact such other business as may properly come before the Meeting or any adjournment or postponement of the Meeting.

### Notice-and-Access

Pason has elected to use the notice-and-access (“Notice-and-Access”) provisions adopted by the Canadian Securities Administrators for delivery of proxy materials to its Shareholders. This will allow Pason to post its Meeting Materials online, which helps reduce the volume of materials and paper to be physically mailed to Shareholders. Shareholders will receive a notification and a form of proxy or voting instruction form enabling them to vote at the Meeting, along with information on how they may access the Meeting Materials.

### Meeting Materials

The notice of meeting and management information circular dated March 16, 2022, in respect of the Meeting, and the annual financial statements for the year ended December 31, 2021, along with the related management discussion and analysis (collectively, the “Meeting Materials”) have been posted and are available for review on our website ([www.pason.com](http://www.pason.com)) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)). Shareholders are encouraged to review the Meeting Materials prior to voting.

### Voting

If you are a Shareholder of record of Pason common shares at the close of business on March 16, 2022, you are entitled to receive notice of, attend, and vote at the Meeting or any adjournment or postponement of the Meeting. It is important that your shares be represented at the Meeting and that your wishes on matters for decision at the Meeting be made known to the directors and management of Pason. As such, whether or not you plan to attend the Meeting, we encourage you to vote in accordance with the instructions on the form of proxy or voting instruction form.

Your proxy must be received prior to 3:30 p.m. (MST) on April 26, 2022, or two days (excluding Saturdays, Sundays or statutory holidays) prior to any adjournment of the Meeting.

A recording of the Meeting will be available on our company website after the Meeting.

By order of the Board of Directors of Pason Systems Inc.

A handwritten signature in black ink, appearing to read "Jon Faber". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Jon Faber, President & Chief Executive Officer  
March 16, 2022, in Calgary, Alberta

# About this Circular and Related Proxy Materials

**Management Information Circular dated March 16, 2022, for the Annual General Meeting of Shareholders to be held on Thursday, April 28, 2022**

## FAQs: Meeting and Voting

### What is the Purpose of this Mailing?

The management of Pason Systems Inc. (“Pason” or the “Corporation”) is providing this management information circular (the “Information Circular”) and related proxy materials to holders (“Shareholders”) of common shares (the “Shares”) of Pason in connection with the Annual General Meeting (the “Meeting”) of Shareholders to be held on the date and time and at the location noted below.

This Information Circular describes the business of the Meeting, including details about the particular matters to be voted on and the voting process itself. It also provides information about Pason’s director nominees and about Pason’s executive compensation and corporate governance practices.

Shareholders are encouraged to attend the Meeting and to exercise their votes. Shareholders may vote in advance using the form of proxy even if they plan to attend the Meeting. If a Shareholder is unable to attend the day of the Meeting, such Shareholder may still vote by proxy. Read the information contained in the following paragraphs for more details about voting.

Unless otherwise stated, information in this Information Circular is given as at March 16, 2022, and amounts are expressed in Canadian dollars.

### When and Where is the Meeting?

The Meeting is being held on Thursday, April 28, 2022 at 3:30 p.m. (MST) and will be conducted via live audio webcast at [meetnow.global/M77P2HM](https://meetnow.global/M77P2HM). Additional details on how to access and login to the Meeting will be provided on Pason’s website at [www.pason.com](http://www.pason.com). **We recommend that you log in to the webcast at least fifteen minutes before the time of the virtual Meeting.**

### What are we Voting on at the Meeting?

At the Meeting, Pason’s 2021 consolidated audited financial statements and the auditor’s report on those statements will be presented. No vote will occur. Shareholders will then be asked to vote on the following business:

1. Fix the number of directors to be elected at the Meeting at six;
2. Elect the directors of Pason for the ensuing year;
3. Reappoint Deloitte LLP as auditors of Pason for 2022 and authorize Pason’s Board of Directors to fix their remuneration; and
4. Conduct a non-binding “say on pay” advisory vote on Pason’s approach to executive compensation.

A simple majority of more than 50% of the votes cast at the Meeting, personally or by proxy, are required to approve each of the above matters to be considered at the Meeting. For more information about these agenda items, go to *Business of the Meeting* on page 8.

### Notice-and-Access

Pason is using the notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 (“Notice-and-Access”) to deliver meeting materials to beneficial Shareholders (as described in more detail below). Notice-and-access allows companies to post meeting materials online, reducing paper and mailing costs.

Beneficial Shareholders will still receive a Notice of Meeting and a form of proxy (or voting instruction form, if applicable) and may request a paper copy of the meeting materials in accordance with the instructions

below. Registered Shareholders (i.e. a Shareholder whose name appears on the records of the Corporation) will receive a paper copy of the Notice of Meeting, this Information Circular and a form of proxy.

The Corporation will not be sending proxy-related materials directly to non-objecting beneficial Shareholders. The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial Shareholders.

The meeting materials have been posted and are available for review on our website ([www.pason.com](http://www.pason.com)) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

Any Shareholder who wishes to receive a paper copy of the meeting materials, at no cost to them, may request copies from the Corporation at 6130 – 3<sup>rd</sup> Street SE, Calgary, Alberta, T2H 1K4, Fax: (403) 301-3499, Toll Free: 1 (877) 255-3158 or by email at [InvestorRelations@pason.com](mailto:InvestorRelations@pason.com).

Requests for paper copies should be made as soon as possible, but must be received no later than 2:00 p.m. (MST) on April 14, 2022 in order to allow sufficient time for Shareholders to receive and review the meeting materials and return the proxy form or voting instruction form prior to the proxy deadline.

### **Who is Eligible to Vote at the Meeting?**

Only Shareholders of record at the close of business on March 16, 2022 (the “Record Date”) are entitled to receive notice of and vote at the Meeting. Shareholders are entitled to one vote for each Share held. The Shares are the only type of outstanding securities of the Corporation that allows the holders to vote at the Meeting.

If a Shareholder acquires Shares after the close of business on the Record Date, that Shareholder may still vote such Shares at the Meeting if, at least ten days before the Meeting, that holder of new Shares requests, through ComputerShare Trust Company of Canada (the “Transfer Agent”), that their name be added to the voting list and produces a properly endorsed Share certificate or otherwise establishes ownership of such Shares.

### **How do I Determine if I am a Registered or a Beneficial (Non-Registered) Shareholder?**

You are a registered Shareholder if your Shares are registered in your name and you have a Share certificate, or a form called a “direct registration advice” evidencing ownership. You are a beneficial Shareholder if your broker, investment dealer, bank, trust company, nominee or intermediary (an “intermediary”) holds your Shares for you. Registered Shareholders will have received an envelope containing this Information Circular by mail directly from the Transfer Agent, whereas beneficial Shareholders will have received it from their intermediary. If you are unsure whether you are a registered or beneficial Shareholder, contact the Transfer Agent by phone at 1-800-564-6253 or by email at [service@computershare.com](mailto:service@computershare.com).

Pason will be sending proxy-related materials directly to non-objecting beneficial Shareholders. Registered and beneficial Shareholders both have the right to vote, but each has a different voting process, as explained below.

### **I am a Registered Shareholder. How do I Vote?**

In order to maintain an orderly and efficient Meeting, Shareholders are encouraged to vote in advance of the Meeting by completing a proxy, even if they are planning to attend the Meeting. If other business is properly brought before the Meeting, Shares represented by proxy will be voted using the process described under the heading *How are Shares Represented by Proxy Voted?*

If a registered Shareholder plans to vote on the day of the Meeting, such Shareholder does not need to do anything except attend the Meeting. Registered Shareholders will be able to listen to the virtual meeting, ask questions and vote online, all in real time, provided they are connected to the Internet and properly follow the instructions contained on Pason’s website.

**A registered Shareholder has the right to appoint the person of their choice (who does not need to be a Shareholder) to attend and act on their behalf at the Meeting.** To exercise that right, the name of the company or person(s) to be designated must be written in the blank space on the form of voting proxy

that accompanied this Information Circular, or by completing another proper instrument of proxy. Alternatively, registered Shareholders can transmit their voting instructions and appoint a proxy by Internet at [www.proxyvote.com](http://www.proxyvote.com). Registered Shareholders should have their control number in hand when they access the website, as they will be prompted to enter their control number located on the form of proxy delivered in the mailing package.

### **I am a Beneficial (Non-Registered) Shareholder. How do I Vote?**

A substantial number of Shareholders are beneficial Shareholders. Pason does not have access to the names or holdings of its beneficial Shareholders. Only those voting proxies deposited by Shareholders whose names appear in Pason's records as registered Shareholders can be recognized and acted upon at the Meeting. You may provide voting instructions to your intermediary so that such intermediary may submit a proxy, containing your voting instructions, on your behalf. Without specific voting instructions, intermediaries are prohibited from voting for their clients.

Beneficial Shareholders should have received a notice from their intermediary providing instructions on how to access an electronic copy of the Information Circular, together with a voting instruction form. Shareholders should contact their intermediary if they did not receive a request for voting instructions. Each intermediary has its own form or set of voting instructions, which should be followed carefully to ensure that all votes are tabulated. A Shareholder's intermediary is required to seek instructions as to the manner in which to vote such Shareholder's Shares. If a Shareholder does not complete a voting instruction form, such Shareholder's intermediary cannot vote the Shareholder's Shares. In addition to completing the voting instruction form and returning it by mail, beneficial Shareholders can call the number on the voting instructions form to vote by telephone, or lodge their voting instructions on the Internet at [www.proxyvote.com](http://www.proxyvote.com). Beneficial Shareholders will need the 12-digit control number found on the voting instruction form in order to vote by telephone or online. There may be additional methods of voting and additional instructions identified on the intermediary's voting form.

A beneficial Shareholder who receives a voting instruction form from their intermediary cannot use that voting instruction form to vote their Shares directly at the Meeting. The voting instruction form must be returned as directed by the intermediary in advance of the Meeting date and by the deadline specified on that voting instruction form in order to ensure the Shares are voted. Should a beneficial Shareholder wish to attend and vote on the day of the Meeting, he or she must be named as a proxyholder by the intermediary in a valid form of proxy. To do this, beneficial Shareholders should enter their name in the blank space on the applicable form of proxy and return the document to the intermediary (or the agent of such broker or other intermediary) well in advance of the Meeting. Duly appointed proxyholders will be able to listen to the virtual meeting, ask questions and vote online, all in real time, provided they are connected to the Internet and properly follow the instructions contained on Pason's website. Beneficial Shareholders who have not duly appointed themselves as proxyholders may still attend the virtual meeting as guests. Guests will be able to listen to the meeting but will not be able to vote at the meeting or ask questions.

### **How are Shares Represented by Proxy Voted?**

The Shares that are represented at the Meeting by properly executed proxies will be voted or withheld from voting on the business matters identified in the Meeting agenda in accordance with the directions on the voting proxy. **In the absence of any specific directions, the Corporation's designees, if named as proxy, will vote FOR each of the matters on the agenda.** If a person other than the Corporation's designee is named as proxy, Shares represented by proxy will be voted in accordance with that designated person's instructions at the Meeting.

If any other business is properly brought before the Meeting or there are amendments or variations to the matters identified in the Notice of Meeting, the person named in the voting proxy, whether that be the Corporation's designee or another designee, will have the authority and discretion to vote the Shares represented by the proxy appointing him or her, unless specific contrary instructions are provided in the proxy. As of the date of this Information Circular, Pason is not aware of any amendments, variations or other matters that may come before the Meeting, other than those listed on the agenda in the Notice of Meeting. In the event that other matters come before the Meeting, then the Corporation's designees will vote on those matters in their judgment.

**All Shareholder proxies must be received by the Transfer Agent, at 100 University Avenue, Eighth Floor, Toronto, Ontario, M5J 2Y1, not later than 3:30 p.m. (MST) on April 26, 2022**, or if the Meeting is postponed or adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the start time of the postponed or adjourned Meeting (the “voting deadline”). Registered Shareholders voting or appointing a proxy by Internet or phone must submit those instructions by that same voting deadline.

A representative from the Transfer Agent, who will act as scrutineer at the Meeting, will confidentially count and tabulate the votes. The Transfer Agent will refer forms of proxy to Pason if the Shareholder is clearly intending to communicate with management, or if there is a question as to whether the proxy is valid.

### **Can a Proxy be Revoked?**

A Shareholder who has submitted a proxy may revoke it at any time prior to it being exercised at the Meeting. At law, a proxy may be revoked in a variety of ways.

Registered Shareholders may revoke their respective voting proxies for the Meeting by providing a written instruction letter signed by the Shareholder or by the Shareholder’s authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by an officer or attorney of the corporation who is duly authorized. Such written revocation instructions must be deposited either at Pason’s registered office before the day of the Meeting or before the day of any postponement or adjournment of the Meeting or given to the Chair of the Meeting on the day of the Meeting prior to its start. If a registered Shareholder appoints a proxyholder and submits their voting instructions on the Internet through the Transfer Agent’s website, and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction at any time before the voting deadline for the Meeting or any adjournment. When resubmitting a proxy, the most recently submitted proxy will be recognized as the sole valid proxy. All previous proxies submitted will be disregarded and considered revoked.

Beneficial Shareholders who wish to revoke their proxy must arrange for their respective intermediaries to revoke the proxy on their behalf within the time specified by that intermediary, but in any event before the day of the Meeting or before the day of any postponement or adjournment of the Meeting.

## **Procedural Matters**

### **What is the Quorum for Meeting?**

A quorum will be constituted at the Meeting if at least two persons are present, whether personally or by proxy, each of whom is entitled to vote at the Meeting and who hold, or represent by proxy, not less than 25% of the Shares entitled to vote.

If a quorum is not present at the start of the Meeting, the Chair of the Meeting may postpone or adjourn the Meeting to another time and place that will be announced at the original Meeting. If a quorum is present at the start of the Meeting, the Meeting may proceed with its business, even if a quorum is not present throughout the Meeting.

### **Are there any Conflicts of Interest in the Matters to be Acted Upon at the Meeting?**

No current director, proposed nominee for election as a director or executive officer of Pason, nor any associate or affiliate of the foregoing have any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors.

### **Who is Soliciting Proxies with this Information Circular?**

Management of Pason is soliciting proxies to be voted at the Meeting, or at any postponement or adjournment of the Meeting. Management and directors will solicit proxies by mail, in person or by telephone, facsimile or other electronic means at a nominal cost. As of the date of this Information Circular, no professional advisors have been retained to solicit proxies for the Meeting, though such arrangements may be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries at management’s discretion. If such advisors are retained, Pason will pay the cost of that solicitation, including the payment of fees and reimbursement of reasonable expenses.

### **Voting Securities and Principal Holders of Shares**

Pason is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As of March 16, 2022, there were 82,118,003 Shares and no preferred shares issued and outstanding. Each Share carries the right to one vote on any matter properly coming before the Meeting.

There are no persons or corporations who, to the knowledge of Pason's directors and executive officers, beneficially own, or exercise control or direction of, directly or indirectly, 10% or more of the voting rights attached to the outstanding Shares as of March 16, 2022.

### **Advance Notice for Director Nominations**

Pason's Amended and Restated By-law Number 1 (the "By-laws") requires advance notice for nomination of directors for consideration at a meeting of Shareholders. The notice of director nominations must be submitted to the Corporate Secretary no later than 30 days and not more than 65 days prior to the date of an annual meeting. The notice must include certain information about the proposed director nominee(s) and the nominating Shareholder. Only those director nominees who comply with applicable requirements set out in the By-laws will be eligible for election as directors of the Corporation. A copy of Pason's By-laws is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **What are the Non-IFRS Financial Measures?**

The following terms used in this Information Circular are not standardized financial measures under International Financial Reporting Standards ("IFRS"), and accordingly, may not be comparable to measures used by other companies:

- Adjusted EBITDA;
- Return on invested capital;
- Days Sales Outstanding;
- Total Return to Shareholders ("TRS");
- Index Return; and
- Relative Return.

These non-IFRS financial measures are defined throughout this Information Circular and are included because they are used by management for a variety of internal measurements that either must be disclosed in this Information Circular, or are used by management to evaluate, among other things, operating performance, leverage, and liquidity. Furthermore, certain non-IFRS measures are used in the calculations of executive compensation payouts as is further disclosed under the heading, *Compensation Discussion and Analysis ("CD&A")*, on page 19.

## **Business of the Meeting**

### **Financial Statements, Auditors' Report, and Management Report**

The Board of Directors (the "Board") of the Corporation has approved all of the information in the 2021 Annual Report, including the consolidated audited financial statements of the Corporation and the auditors' report thereon. A copy of the financial statements is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website ([www.pason.com](http://www.pason.com)). No vote by the Shareholders will be taken with respect to this matter.

## Fixing the Number of Directors

The Articles of the Corporation provide that Pason may have between one and fifteen members on its Board. The Corporation currently has six directors, all of whom are standing for re-election. At the Meeting, Shareholders will be asked to approve an ordinary resolution to fix the number of directors to be elected at the Meeting at six. **If no choice is specified, the Shares represented by a proxy for the Meeting will be voted FOR fixing the number of directors at six.**

## Election of Directors

All of the six nominees named herein have consented to their nomination. Management does not contemplate that any of the following nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election at the Meeting or are unable to serve as such, proxies in favour of the Corporation's designees will be voted for another nominee at their discretion unless the Shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The current Board and management unanimously recommend that each of the following nominees be elected to serve as directors of the Corporation, to hold office until the next annual Meeting of Shareholders or until such person's successor is elected or appointed:

- Marcel Kessler
- T. Jay Collins
- Jon Faber
- Judi M. Hess
- James B. Howe
- Laura L. Schwinn

Detailed information about these nominees can be found in this Information Circular under the heading *Information on Director Nominees* on page 12. All the individuals nominated as directors are currently members of the Board.

The voting results from the last three years' Meetings for those six directors standing for re-election were as follows:

Director	Marcel Kessler	T. Jay Collins	Jon Faber	Judi M. Hess	James B. Howe	Laura L. Schwinn
2021	60,010,956 (97.66%)	61,216,997 (99.62%)	61,434,423 (99.98%)	60,045,188 (97.72%)	59,686,005 (97.13%)	59,859,158 (97.41%)
2020	75,016,310 (99.06%)	75,559,280 (99.78%)	n/a	75,514,944 (99.72%)	74,145,041 (97.91%)	75,572,949 (99.80%)
2019	73,229,885 (99.67%)	72,880,036 (99.19%)	n/a	72,459,204 (98.62%)	69,640,631 (94.78%)	n/a

It is the intention of the Corporation's designees, if named as proxy, to vote in favour of the election of the proposed six nominees to the Board. **If no choice is specified, the Shares represented by a proxy for the Meeting will be voted FOR the election of each of these nominees.**

Pason has adopted a majority voting policy as described under the heading *Majority Voting* on page 15.

## Appointment of Auditors

The Board, on recommendation from the Audit Committee, recommends that Deloitte LLP, Chartered Professional Accounts, Calgary, Alberta ("Deloitte LLP") be appointed as auditors of Pason until the next annual Meeting of Shareholders at a remuneration to be determined by the directors of the Corporation.

Deloitte LLP has continuously served as the auditors of the Corporation since 1996. Below is a breakdown of fees paid to Deloitte LLP, by category, for the last three years:

Service	2021	2020	2019
<b>Audit fees</b> <sup>(1)</sup>	\$254,800	\$262,500	\$310,000
<b>Audit-related fees</b> (for assurance services related to review of financial statements)	\$44,700	\$37,800	\$37,800
<b>Tax fees</b> (for tax compliance, advice, and planning)	\$80,100	\$144,200	\$108,400
<b>All other fees</b> (for services that do not fall under the previous categories)	\$9,500	-	\$31,500
<b>Total</b>	<b>\$389,100</b>	<b>\$444,500</b>	<b>\$487,700</b>

<sup>(1)</sup> 2019 amount includes costs for auditing new lease standard, acquisition of ETB, investment in IWS, and hyper-inflationary accounting.

**Unless such authority is withheld, the Corporation’s designees, if named as proxy, intend to vote the Shares represented by any such proxy for the appointment of Deloitte LLP as auditors for the Corporation for the ensuing year at a remuneration to be determined by the Board.**

### **Non-Binding “Say on Pay” Advisory Vote on Pason’s Approach to Executive Compensation**

At the Meeting, Shareholders will be asked to vote, on an advisory and non-binding basis, on Pason’s approach to executive compensation. Information regarding Pason’s executive compensation practices is described in this Information Circular under the heading *Compensation Discussion and Analysis (CD&A)*.

The Board believes that Shareholders should have sufficient information to fully understand the Corporation’s approach to executive compensation, including the process to set and review compensation levels, general long-term objectives, tools used to align interests with Shareholders, criteria used to measure at-risk compensation, and the extent of the upside and downside of variable rewards linked to corporate and individual performance. Shareholders are encouraged to review the discussion about Pason’s executive compensation under the heading *Compensation Discussion and Analysis (CD&A)* to cast an informed vote.

Voting results from the last three years are set out in the following table:

Say on pay vote	2021	2020	2019
Vote in favour	96.97%	96.83%	97.89%

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the following advisory resolution:

“BE IT RESOLVED, on an advisory basis, and not to diminish the role and responsibilities of the Board of Pason Systems Inc. (“Pason”) or its committees, that the Shareholders of Pason accept the approach to executive compensation disclosed in Pason’s Management Information Circular dated March 16, 2022, and delivered in advance of the 2022 Annual General Meeting of Shareholders.”

As this is an advisory vote, the results will not be binding upon the Board. The Board, and specifically the Human Resources and Compensation Committee, will not be obligated to take any compensation actions, or make any adjustments to executive compensation programs or plans, as a result of the vote. However, the Board will take the voting results and other Shareholder feedback into consideration when evaluating the Corporation’s approach to executive compensation, including discretionary awards. The Board and the Human Resources and Compensation Committee actively monitor trends relating to compensation and governance of compensation to ensure executive management is aligned with Shareholder interests and incentivized to act in the best interests of Pason. **It is the intention of the persons named in the accompanying instrument of proxy, if not expressly directed to the contrary in such instrument of proxy, to vote the Common Shares represented by such proxies FOR the approach to executive compensation as described in this Information Circular.**

## **Other Business**

The Board and executive officers of the Corporation know of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matter properly comes before the Meeting, however, the proxies will be voted on such matters in accordance with the best judgment of the person or persons voting the proxies.

## Information on Director Nominees

The following information about each director nominee is, unless otherwise stated, based on records available to the Corporation as of March 16, 2022, those being corporate records, public records, and information provided by each nominee.

### Director Biographies

MARCEL KESSLER			
<p><b>Marcel Kessler</b> was appointed as non-executive Chair of the Board in 2020 and was President and Chief Executive Officer of Pason from 2011 to 2020. Prior to joining Pason, Mr. Kessler was President, North America, of Exploration Logistics Group, a medical and safety services provider for remote operations, President and Chief Executive Officer of CCR Technologies Ltd., a petrochemical reclamation company, and a partner with McKinsey &amp; Company, a management consulting firm. He has a master's degree in finance from the London Business School and a master's degree in engineering from the Swiss Federal Institute of Technology. Mr. Kessler has been awarded his ICD.D designation by the Institute of Corporate Directors. He is considered a non-independent director because of his role with Pason prior to his appointment as Chair of the Corporation.</p>			
	<b>Pason Securities Held</b>		
	<b>Shares<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Total Shareholdings<sup>(3)</sup></b>
	65,000	13,748	\$1,046,561
	<b>Board and Committees</b>	<b>2021 Meetings</b>	<b>Total 2021 Attendance</b>
	<b>Value of Total 2021 Compensation<sup>(4)</sup></b>		
	Board of Directors	6/6	100%
			\$141,029
<p><b>Expertise:</b> Board &amp; Governance, Leadership, Industry Experience, Financial Literacy, Technology, Cybersecurity, Human Resources &amp; Compensation, International Business, and Health, Safety, Environmental &amp; Social Responsibility.</p>			
<b>Other Public Company Board/Committee Memberships</b>			
	<b>Company</b>	<b>Listing</b>	<b>Positions</b>
	Questor Technology Inc.	TSX-V: QST	Board
<p>Non-Executive Chair of the Board            Director since: 2012            Non-Independent            Age: 55            Cochrane, Alberta, Canada</p>			

## T. JAY COLLINS

**Jay Collins** has been a director of Oceaneering International, Inc. since 2002 and is now serving as Chair. He previously served as Chief Executive Officer of Oceaneering International, Inc. from 2006 to 2011, President from 1998 to 2011, Chief Operating Officer from 1998 until 2006, Executive Vice President – Oilfield Marine Services from 1995 to 1998, and Senior Vice President and Chief Financial Officer from 1993 to 1995. Mr. Collins has over 40 years of experience with companies engaged in oilfield-related or other energy-related businesses.



Compensation  
Committee Chair

Director since: 2012  
Independent

Age: 75  
Houston, Texas, USA

### Pason Securities Held

Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Total Shareholdings <sup>(3)</sup>
-	99,736	\$1,325,491

Board and Committees	2021 Meetings	Total 2021 Attendance	Value of Total 2021 Compensation <sup>(4)</sup>
Board of Directors	6/6	100%	\$219,007
HR & Compensation Committee	1/1		
Audit Committee	4/4		

**Expertise:** Board & Governance, Leadership, Industry Experience, Financial Literacy, Human Resources & Compensation, and International Business.

### Other Public Company Board/Committee Memberships

Company	Listing	Positions
Oceaneering International Inc.	NYSE:OII	Board (Chair)
Murphy Oil Corporation	NYSE:MUR	Board; Executive Compensation; Finance (Chair); Nominating and Governance

## JON FABER

**Jon Faber** was appointed as Pason's President & Chief Executive Officer in 2020 and previously served as Pason's Chief Financial Officer from 2014 to 2020. Prior to joining Pason, Mr. Faber was Vice President, Investment Banking, with National Bank Financial and Wellington West Capital Markets. Mr. Faber has business degrees from Brock University and Purdue University and holds the Chartered Financial Analyst, Chartered Business Valuator and Chartered Professional Accountant designations. He has also completed the Advanced Management Program at the Wharton School of the University of Pennsylvania.



President & Chief  
Executive Officer

Director since: 2020

Non-Independent

Age: 43

Calgary, Alberta,  
Canada

### Pason Securities Held

Shares <sup>(1)</sup>	RSUs <sup>(2)</sup>	DSUs <sup>(2)</sup>	Total Shareholdings <sup>(3)(5)</sup>
42,000	46,005	23,599	\$1,483,217

Board and Committees	2021 Meetings	Total 2021 Attendance	Value of Total 2021 Compensation <sup>(4)(5)</sup>
Board of Directors	6/6	100%	-

**Expertise:** Leadership, Industry Experience, Financial Literacy, Technology, Cybersecurity, Human Resources & Compensation, International Business, and Health, Safety, Environmental & Social Responsibility.

### Other Public Company Board/Committee Memberships

Company	Listing	Positions
none	-	-

## JUDI M. HESS

**Judi Hess** brings almost 40 years of combined operational technology and information technology experience to Pason's Board. She has been Chief Executive Officer of Copperleaf Technologies, Inc. since 2009. Prior to joining Copperleaf, Ms. Hess was President of Creo Inc., a publicly traded printing technology and workflow company, that was acquired by Eastman Kodak in 2005. Ms. Hess has an Honours Bachelor in Mathematics with a minor in Business Administration for the University of Waterloo and was a member of the Premier's Technology Council of British Columbia from 2008 to 2018.



Director

Director since: 2015

Independent

Age: 63

Vancouver, B.C.,  
Canada

### Pason Securities Held

Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Total Shareholdings <sup>(3)</sup>
-	80,816	\$1,074,045

Board and Committees	2021 Meetings	Total 2021 Attendance	Value of Total 2021 Compensation <sup>(4)</sup>
Board of Directors	6/6	100%	\$214,281
Corporate Governance & Nominations Committee	4/4		
HR & Compensation Committee	1/1		

**Expertise:** Board & Governance, Leadership, Financial Literacy, Technology, Cybersecurity, Human Resources & Compensation, International Business, and Health, Safety, Environmental & Social Responsibility.

### Other Public Company Board/Committee Memberships

Company	Listing	Positions
Copperleaf Technologies Inc.	TSX: CPLF	Director

## JAMES B. HOWE

**James Howe** is President of Bragg Creek Financial Consultants Ltd., a private financial consulting company. He brings extensive corporate board experience to Pason, including in the oil and natural gas and related service industries, together with significant accounting, finance and executive compensation expertise. Over his career, Mr. Howe has served as Chief Financial Officer of several public companies and currently serves on the board of directors and audit committee of Bengal Energy Ltd. and the board of directors, audit committee and compensation committee of Ensign Energy Services Inc. Mr. Howe earned a B.A. from the Ivey School of Business at the University of Western Ontario and is a Chartered Accountant. He is a member of the Chartered Professional Accountants of Alberta.



Lead Director, Audit  
Committee Chair

Director since: 1996

Independent

Age: 72

Calgary, Alberta, Canada

### Pason Securities Held

Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Total Shareholdings <sup>(3)</sup>
347,000	45,595	\$5,217,588

Board and Committees	2021 Meetings	Total 2021 Attendance	Value of Total 2021 Compensation <sup>(4)</sup>
Board of Directors	6/6	100%	\$227,817
Corporate Governance & Nominations Committee	4/4		
Audit Committee	4/4		

**Expertise:** Board & Governance, Leadership, Industry Experience, Financial Literacy, Human Resources & Compensation, International Business, and Health, Safety, Environmental & Social Responsibility.

### Other Public Company Board/Committee Memberships

Company	Listing	Positions
Bengal Energy Ltd.	TSX: BNG	Board, Audit Committee (Chair)
Ensign Energy Services Inc.	TSX: ESI	Board, Audit Committee, Compensation Committee (Chair)

## LAURA L. SCHWINN

**Laura Schwinn** is President of W. R. Grace & Co.'s Specialty Catalysts business, previously a publicly traded specialty chemicals company recently acquired by privately-held global industrial company, Standard Industries Holdings, Inc. Prior to this, Ms. Schwinn was CEO of C&C Reservoirs, a privately-owned, global company that provides reservoir knowledge used to derive detailed insight across the E&P lifecycle. Ms. Schwinn joined C&C from Halliburton, one of the world's largest oilfield service companies, where she was Global Vice President of the Drill Bits and Services division. She has been awarded her NACD.DC designation by the National Association of Corporate Directors.



Corporate Governance & Nomination Committee Chair

Director since: 2019  
Independent

Age: 57

Fulton, Maryland, USA

### Pason Securities Held

Shares <sup>(1)</sup>	DSUs <sup>(2)</sup>	Total Shareholdings <sup>(3)</sup>
-	24,346	\$323,558

Board and Committees	2021 Meetings	Total 2021 Attendance	Value of Total 2021 Compensation <sup>(4)</sup>
Board of Directors	6/6	93%	\$198,622
Corporate Governance & Nominations Committee	4/4		
HR & Compensation Committee	1/1		
Audit Committee	3/4		

**Expertise:** Board & Governance, Leadership, Industry Experience, Financial Literacy, Technology, Human Resources & Compensation, International Business, and Health, Safety, Environmental & Social Responsibility.

### Other Public Company Board/Committee Memberships

Company	Listing	Positions
none	-	-

- (1) The Shares indicated include those Shares beneficially owned and Shares controlled or directed by the nominee directors as the date of this Information Circular.
- (2) Deferred Share Units ("DSUs") and Restricted Share Units ("RSUs") are not voting securities. See page 16 under the heading *Director Compensation* for a description of DSUs. See page 26 under the heading *Restricted Share Unit (RSU) Plan* for a description of RSUs. The numbers referenced below the terms DSUs and RSUs in the nominee biographies above refer to the number of DSUs credited to the director's account, and the RSUs outstanding, as at March 16, 2022, the date of this Information Circular.
- (3) Total Shareholdings is the amount determined by multiplying the number of each nominee's Shares held, RSUs awarded and DSUs credited to their accounts as of March 16, 2022, by the closing price of the Shares on the Toronto Stock Exchange ("TSX") on March 16, 2022 (\$13.29).
- (4) The Value of Total 2021 Compensation includes DSUs awarded and dividend equivalents credited to DSU accounts in 2021 (based on the value of the DSUs when credited to each director's account), retainers and meeting fees. Certain directors elected to receive part of their compensation in the form of DSUs rather than cash, as reflected in the *Non-Management Director Compensation Table* on page 18. For further information regarding the director's total compensation see *Director Compensation* on page 16.
- (5) Jon Faber, who is a director and Named Executive Officer (as defined herein), holds stock options, performance share units, RSUs and DSUs that were granted to him in his capacity as an executive officer of Pason, as set forth on page 30. As a member of management, Jon Faber did not receive compensation for his service as director of the Corporation in 2021. Only Shares, RSUs and DSUs count towards fulfillment of Director Share Ownership Guidelines.

## Majority Voting

The Board has adopted a policy that requires any nominee who receives a greater number of votes "withheld" than votes "for" his or her election at a Shareholders' Meeting to tender his or her resignation promptly following the Meeting. The Corporate Governance and Nomination Committee (the "**CGN Committee**") will review the tendered resignation and make a recommendation to the Board to accept or reject the resignation and publicly disclose the decision and rationale within 90 days of the applicable Shareholder Meeting. Absent exceptional circumstances that would warrant the applicable nominee to continue to serve as a Board member, resignations will be accepted. The said nominee will not participate in any Board or committee discussions on the tendered resignation.

# Director Compensation

## Committee Oversight

The CGN Committee reviews the director compensation package annually to ensure it reflects the risks and responsibilities of being an effective director of the Corporation. Any changes to director compensation are made by the Board as a whole, on the recommendation of the CGN Committee.

The Chair's compensation is set by a joint decision of the CGN Committee and the Human Resources and Compensation Committee (the "**HRC Committee**"). Both of those committees are composed entirely of independent directors. The Chair's compensation is then reviewed annually by the CGN Committee to ensure it adequately, effectively, and appropriately, compensates the Chair for his or her responsibilities.

Officer compensation is reviewed annually by the HRC Committee and changes are recommended by management in light of retention needs, industry conditions, and company and individual performance. Directors who are also employees of Pason (Jon Faber presently being the only one) are not separately compensated for their services as directors; their compensation derives entirely from their service as an employee of Pason. The process for setting executive compensation is more fully described in this Information Circular starting on page 19 under the heading *Compensation Discussion and Analysis* ("CD&A").

## Annual Cash and Equity-Based Retainers and Meeting Fees

The Corporation provides its directors with a compensation package comprised of annual cash and equity-based retainers and attendance fees paid quarterly in arrears. Management directors are not paid additional compensation for their service as a director. Directors are also reimbursed for their reasonable expenses for meetings and relevant continuing education costs.

The table below sets out the different compensation elements for non-management directors for 2021.

Type of Compensation	Value
DSUs <sup>(1)</sup>	\$100,000
Additional board retainer <sup>(2) (3)</sup>	\$45,000
Retainer for Chair of the Board <sup>(2) (3)</sup>	\$80,000
Retainer for Lead Director <sup>(2) (4)</sup>	\$25,000
Retainer for Audit Committee chair <sup>(2)</sup>	\$17,000
Retainer for other committee chairs <sup>(2)</sup>	\$10,000
Meeting fees <sup>(2)</sup>	\$1,500/meeting

(1) The number of DSUs that were awarded to the directors for 2021 service and credited to the directors' accounts in quarterly installments at the end of each quarter in 2021 was 13,643, which is calculated by dividing the target value (\$100,000 per year) by the weighted average trading price of the Shares on the TSX for the five days ended on November 30, 2020 (\$7.33).

(2) Directors may elect to take this compensation element in either cash or DSUs.

(3) Marcel Kessler elected not to receive the additional board retainer of \$45,000 or the retainer for Chair of the Board of \$80,000 in 2021.

(4) The additional retainer fee paid to the Lead Director is reduced by any amounts paid to such Lead Director for acting as the chair of another committee, such that the maximum amount of additional retainer paid to an individual director is \$25,000. For example, in 2021, James B. Howe was paid a total of \$25,000 for his service as both Lead Director and Audit Committee Chair.

## Deferred Share Unit Plan

The Board adopted a Deferred Share Unit plan (the "DSU Plan") in 2011. The DSU Plan replaced the other equity awards (stock options and RSUs), which had previously been granted to directors on an annual basis. Grants made under the DSU Plan are subject to recommendation by the CGN Committee and approval by the Board.

DSUs are granted annually for non-management directors' anticipated service in the subsequent year and are credited to each director's account in installments on the last day of each calendar quarter of the subsequent year. If a non-management director leaves the Board during a calendar year, a pro-rata amount

of the DSUs awarded for that year will be credited to the director within 30 days of leaving, based on the portion of the year in which that director served on the Board.

Each DSU represents rights to cash compensation based on the Share value. DSUs may only be redeemed by a director recipient after the director has left the Board (and not earlier than ten (10) trading days following the release of the Corporation's quarterly or annual financial results following the director's cessation from their service on the Board), promoting motivation for long-term Share growth. In the event of a change of control (as defined in the DSU Plan), DSUs awarded but not yet credited to a director's account are immediately credited and then eligible for redemption in accordance with the terms of the DSU Plan.

DSU accounts are credited with an equivalent number of DSUs to account for any dividend paid on the Shares. The additional DSUs are credited to the director's account on the dividend payment date and are calculated by dividing the total dividend the director would have received on Share equivalents by the weighted average trading price of the Shares on the TSX for the last five trading days prior to the dividend payment date. A director's DSUs are counted towards the Director Share Ownership Guidelines, as further described below under the heading *Director Share Ownership Guidelines*.

In 2020, the Board approved an amendment to the DSU Plan to allow directors who are also members of management to elect to receive all or part of their short-term incentive payments in the form of DSUs. If so elected, all or part of the annual discretionary bonus can be settled by dividing the elected amount by the weighted average trading price of Shares on the TSX for the last five trading days prior to the conversion date. The conversion date is the date on which any cash portion of the annual discretionary bonus becomes payable, which must be at least five trading days after the public release of year-end or interim results.

Allowing directors who are members of management to elect to receive a portion of their compensation in the form of DSUs further aligns the interests of such directors with those of the Shareholders and any DSUs held by such individuals are counted toward the Executive Share Ownership Guidelines, as further described under the heading *Equity Compensation Plan Information* on page 28.

## **Director Share Ownership Guidelines**

Pason's Director Share Ownership Guidelines require each non-management director to acquire and hold equity of the Corporation in the form of DSUs or Shares. Directors have five years from the date of their appointment or election as a director to acquire a minimum aggregate value of three times the annual fixed compensation paid to such director. For this purpose, the director's annual fixed compensation includes equity grants and cash retainer payments, including additional retainers paid to committee chairs, the Lead Director and Chair. It does not include meeting fees, as the number of meetings held each year varies. Management directors are subject to the higher requirements of the Executive Share Ownership Guidelines described under the heading *Equity Compensation Plan Information* on page 28. Compliance with this requirement will be determined based upon the higher of cost or market price of Shares held and DSUs credited to each director's account. All current directors are either on track to meet, or have met, these ownership guidelines.

## **Alignment of Interests**

The Board believes that the following measures effectively align the interests of directors with those of Shareholders:

- The deferral of each director's entitlement to redeem DSUs until after their service on the Board has ended; and
- Majority of director compensation is in the form of DSUs.

Additional information about corporate governance involving the Board is found under the heading *Corporate Governance Disclosure*, starting on page 39 of this Information Circular.

## Non-Management Director Compensation Table

The table below sets out the compensation paid and awarded to non-management directors in 2021.

Name	Fees Paid in Cash <sup>(1)</sup>	Fees Paid in DSUs <sup>(2)</sup>	Total Compensation
Marcel Kessler <sup>(3)</sup>	\$10,500	\$130,529	\$141,029
T. Jay Collins	\$71,500	\$147,507	\$219,007
Judi M. Hess	-	\$214,281	\$214,281
James B. Howe	\$91,000	\$136,817	\$227,817
Laura L. Schwinn	\$66,000	\$132,622	\$198,622

(1) Under the terms of the DSU Plan, directors may elect to receive any cash compensation (additional board retainer, retainer for Chair of the Board, retainer for Lead Director, retainer for Audit Committee Chair, retainer for other committee chairs and meeting fees) in the form of DSUs rather than cash. Judi Hess elected to receive such fees in the form of DSUs in 2021.

(2) This column includes the DSU compensation and any cash compensation elected to be received in the form of DSUs under the terms of the DSU Plan. The value of the DSUs is linked to the Corporation's Share price. Under the terms of the DSU Plan, the DSUs were awarded on November 30, 2020 for Board service in 2021, and were credited to each director's account in installments on the last day of March, June, September, and December 2021. The value identified in the table above includes dividend equivalents that were added to each director's DSU account. The number of DSUs granted for 2021 service is disclosed under the heading *Annual Cash and Equity-Based Retainers and Meeting Fees* on page 16. Furthermore, the value identified in the table above includes DSUs credited to director accounts who elected to receive 2021 retainer and/or meeting fees in DSUs.

(3) Marcel Kessler elected not to receive the additional board retainer of \$45,000 or the retainer for Chair of the Board of \$80,000 in 2021.

## Outstanding Share-Based Awards

The following table summarizes the outstanding DSUs held by non-management directors as at December 31, 2021.

Name	Share-Based Awards – DSUs					
	Number of DSUs awarded and credited to accounts <sup>(1)</sup>	Number of DSUs awarded but not yet credited to accounts <sup>(2)</sup>	Total number of DSUs outstanding	Payout value of DSUs awarded and credited to accounts <sup>(3)</sup>	Payout value of DSUs awarded but not yet credited to accounts <sup>(4)</sup>	Total payout value of DSUs outstanding
Marcel Kessler	13,748	9,506	23,254	\$158,652	\$109,699	\$268,351
T. Jay Collins	99,736	9,506	109,242	\$1,150,953	\$109,699	\$1,260,652
Judi M. Hess	80,816	9,506	90,322	\$932,617	\$109,699	\$1,042,316
James B. Howe	45,595	9,506	55,101	\$526,166	\$109,699	\$635,865
Laura L. Schwinn	24,346	9,506	33,852	\$280,953	\$109,699	\$390,652

(1) Represents number of DSUs credited to the directors' accounts at December 31, 2021.

(2) Represents DSUs awarded to directors on November 30, 2021 for their service in 2022. DSUs awarded on November 30, 2021 will be credited to each director's account at the end of each financial quarter in 2022, in an amount equal to ¼ of the annual grant, or a pro rata for periods of partial service. The only condition of vesting (crediting) to each director's account is the director's continued service on the Board.

(3) Calculated based on the market price of the Shares at December 31, 2021 (\$11.54) multiplied by the total number of DSUs credited to the directors' accounts at December 31, 2021. Once DSUs are credited to a director's account, they may be redeemed only after the director ceases to be a director, in accordance with the terms of the DSU Plan, as described above under the heading *Deferred Share Unit Plan* on page 16.

(4) Calculated based on the market price of the Shares at December 31, 2021 (\$11.54) multiplied by the number of DSUs that were awarded to directors on November 30, 2021, but have not yet been credited to the directors' accounts on December 31, 2021. The amount does not include the number of DSUs to be credited to directors' accounts in respect of the additional board retainer, retainer fees for the Chair, Lead Director or committee chairs earned by a director and meeting fees earned in 2022, for those who have elected as such. The amount also excludes dividend equivalents that may be credited on such amounts in 2022.

# Compensation Discussion and Analysis (“CD&A”)

The CD&A describes the compensation programs and practices applicable to Pason’s executive officers, including the process by which compensation decisions are reached by the HRC Committee and the Board.

The CD&A focuses on the compensation paid or payable to Pason’s Chief Executive Officer (or “CEO”), Chief Financial Officer (or “CFO”) and the next three most highly compensated executive officers (collectively, the “Named Executive Officers” or “NEOs”) for the fiscal year ended December 31, 2021. Pason’s NEOs for 2021 are as follows:

Name	Title
Jon Faber	President & CEO
Celine Boston	CFO
Kevin Boston	VP Commercial
Bryce McLean	VP Operations
Russell Smith	VP International

## Pason’s Executive Compensation Approach

At Pason, executive compensation is a key component of the Corporation’s strategy. Pason operates in a highly demanding, complex, and competitive business environment. The Corporation’s business is technology intensive and the reward for business decisions and investments in research and development and information technology made today may not be realized for several years. Pason seeks to drive long-term Shareholder value by ensuring that the compensation strategy incorporates the following guiding principles:

<b>Shareholder Alignment</b>	Align the interests of executives with those of Shareholders by ensuring a significant portion of executives’ variable compensation is driven by Shareholder returns and requiring executives to hold an equity exposure in Pason that is personally significant.
<b>Pay for Performance</b>	Emphasize performance-based compensation that rewards both corporate and personal performance, with a significant portion of executive pay-at-risk.
<b>Competitive with Peers</b>	Provide market-competitive compensation designed to motivate, retain, and attract qualified executives to deliver on the Corporation’s strategy and business plans.

## Human Resources and Compensation Committee

The HRC Committee assists the Board in overseeing the design and administration of Pason’s human resources and compensation policies and practices. The HRC Committee is governed by the Board, so all recommendations developed by the HRC Committee must be reviewed and approved by the Board.

The specific responsibilities of the HRC Committee are outlined in its Mandate, which is available on Pason’s website at [www.pason.com](http://www.pason.com) in the Investors section (under Corporate Governance).

The primary responsibilities of the HRC Committee are as follows:

- Review Pason’s general compensation philosophy and programs for executives and employees and oversee the development and implementation of compensation programs;
- Evaluate the CEO’s performance annually using a formalized performance evaluation tool and recommend to the Board the total compensation of the CEO in light of such performance, along with the assessment of the other executives and their total compensation, as recommended by the CEO;

- Review any non-IFRS financial measures used in determining executive compensation and evaluate appropriateness of any adjustments made to such measures;
- Review and approve any equity-based compensation plans, including stock option plans and any other incentive plans involving the issue of Shares, along with the administration of such plans;
- Review and make recommendations on Pason’s retirement plans and any proposed amendments that materially impact costs, benefits, plan eligibility, or plan establishment; and
- Establish stock ownership guidelines for executives and monitor compliance.

## Composition of the HRC Committee

The HRC Committee currently includes T. Jay Collins, Chair of the HRC Committee, Judi M. Hess, and Laura Schwinn. All members of the HRC Committee are independent and have the knowledge, skills, and experience necessary to effectively fulfill their duties. Additional information regarding each member’s education, experience and expertise is provided under the heading, *Director Biographies*, on page 12. Additional information regarding the independent status of each Board member is provided under the heading, *Corporate Governance Disclosure*, on page 39.

## Independent Compensation Advisor

The HRC Committee may, from time-to-time, retain an independent compensation advisor to:

- Assess the design of Pason’s executive compensation program and provide recommendations based on best practices in Canada and the United States;
- Review the compensation and pay level of each executive officer relative to Pason’s established compensation peer group; and
- Provide advisory services pertaining to corporate governance and compensation risk.

Information provided by an independent compensation advisor is one component of the HRC Committee’s deliberations regarding Pason’s compensation program. The HRC Committee also takes into consideration various other factors when approving and developing compensation recommendations, including corporate performance and individual accomplishments in the performance year.

The HRC Committee pre-approves all services provided by an independent compensation advisor to ensure it remains objective and independent. In 2021, the HRC Committee did not engage an independent compensation advisor to review and assess Pason’s executive compensation program. However, Pason does continue to engage Mercer to provide services for Pason’s health, welfare, and pension benefits, as outlined in the table below:

	2021	2020
Executive compensation-related fees	-	-
Other fees <sup>(1)</sup>	\$13,675	\$16,400
Total fees	\$13,675	\$16,400

<sup>(1)</sup> Fees and commissions paid to Mercer for pension and benefits consulting.

## Compensation Approval Process

Each executive officer has specific performance targets and is compensated based on the achievement of corporate and individual objectives for the year. The CEO is responsible for providing compensation recommendations for the senior leadership team that are reviewed and approved by the HRC Committee.

Annually, generally in November, the HRC Committee receives compensation recommendations from the CEO for executive officers. In its compensation review, the HRC Committee considers the compensation levels for each executive to: (i) ensure consistency and appropriateness of corporate and individual performance and application of incentive awards; and (ii) assess the relative positioning of each executive with external and internal peers. The HRC Committee will also take into consideration broader implications, such as current industry conditions, Pason’s Share price performance and returns to Shareholders.

The HRC Committee presents all compensation recommendations for executive officers, including the CEO, to the Board for its review.

### Pason's Compensation Peer Group

Pason's direct competitors are predominantly subsidiaries of larger organizations, which make compensation comparisons difficult, as there are few industry peers. However, to attract, motivate, and retain the talent needed to execute Pason's strategic and business plans, Pason's compensation program must be competitive relative to the market.

The HRC Committee has established a group of fourteen (14) appropriate industry peers (the "Comparator Group") to evaluate and benchmark executive compensation. These companies were selected based on their comparability to Pason using the following metrics:

- Market capitalization
- Enterprise value
- Revenue
- EBITDA
- Geographic focus
- Capital requirements
- Length of business cycle
- Complexity of service offerings

The HRC Committee will continue to monitor the Comparator Group for future years and adjust as necessary. Pason's Comparator Group is comprised of the following companies:

Canadian Companies	US Companies
Calfrac Well Services Ltd. (TSX: CFW)	Cactus, Inc. (NYSE: WHD)
CES Energy Solutions Corp. (TSX: CEU)	Dril-Quip, Inc. (NYSE: DRQ)
Enerflex Ltd. (TSX: EFX)	Forum Energy Technologies, Inc. (NYSE: FET)
Ensign Energy Services Inc. (TSX: ESI)	Helix Energy Solutions Group, Inc. (NYSE: HLX)
Precision Drilling Corporation (TSX: PD, NYSE: PDS)	Oceaneering International Ltd. (NYSE: OII)
Secure Energy Services Inc. (TSX: SES)	Oil States International Inc. (NYSE: OIS)
ShawCor (TSX: SCL)	
Trican Well Services Ltd. (TSX: TCW)	

### Performance Share Unit (PSU) Plan Peer Group

For grants under the PSU Plan prior to 2020, Pason's TRS (as defined under the heading *Performance Share Unit (PSU) Plan*, on page 26) performance is measured against two (2) indices: the SPTTEN (S&P/TSX Capped Energy Index) and the OSX (PHLX Oilfield Services Sector Index). The SPTTEN index is comprised of twenty-two (22) Canadian energy companies. The OSX index is comprised of fifteen (15) American oilfield service companies. Beginning with grants in 2020, Pason's TRS performance is measured against the OSX index and the S&P TSX Composite Index (TSX). The TSX index is comprised of two hundred and thirty-nine (239) Canadian companies. Additional information regarding the Corporation's PSU Plan can be found under the heading, *Performance Share Unit (PSU) Plan*, on page 26.

### Managing Compensation Risk

The HRC Committee and Board are committed to ensuring the potential risks associated with Pason's compensation program are identified and mitigated to avoid adverse effects to the Corporation.

Pason's executive compensation program is designed to ensure a significant portion of an executive's compensation is at-risk and directly tied to the Corporation's achievement of its strategic, financial, and operational goals. Pason's compensation structure, and mix of short-, medium-, and long-term rewards, reinforces an appropriate level of risk-taking behaviour and does not encourage sub-optimization or reward actions that could produce short-term success at the cost of longer-term sustainable Shareholder value. In addition, the Board monitors and approves all significant capital expenditures, annual operating budgets, and strategic business plans. Together, the HRC Committee and Board have the discretion to make

changes to executive compensation considering the Corporation's actual performance and individual accomplishments.

Pason's compensation program also includes other safeguards that strengthen the link between the behaviours of executive officers and interests of Shareholders, as summarized in the table below:

<b>What we do:</b>	
✓	Conduct an annual 'say on pay' vote
✓	Execute a balanced mix of short-, medium- and long-term incentives
✓	Emphasize performance-based compensation
✓	Place caps on incentive compensation payments to avoid excessive payouts
✓	Use threshold performance levels so executives must deliver a minimum level of performance to receive certain incentive compensation payments
✓	Provide share ownership guidelines for all executive officers
<b>What we don't do:</b>	
×	No transfer of long-term incentives (except in the case of death)
×	No extensions of long-term incentives
×	No loans to purchase Shares
×	No excessive contracts, severance packages or guaranteed compensation for executive officers
×	No executive employment contracts with multi-year guaranteed pay increases, bonus awards or LTI grants

The HRC Committee believes that the features of Pason's executive compensation program mitigate risk by diversifying rewards and eliminating reliance on any single performance measure to determine incentive compensation for executive officers. Through its ongoing oversight of the Corporation's compensation policies and involvement in the annual compensation recommendations for the CEO and executive officers, the HRC Committee and the Board have determined that there are no risks arising from Pason's compensation policies and practices that are reasonably likely to have a material adverse effect on Pason.

### **Anti-hedging**

The Corporation has a policy which prohibits officers and directors from engaging in any kind of hedging transaction that could reduce or limit the officer's or director's economic risk with respect to their Shareholdings in the Corporation. Officers and directors are not permitted to purchase any financial instrument that is designed to hedge or offset a decrease in market value of the Shares. Pason's policy prohibits the purchase by officers and directors of financial instruments, including, without limitation, prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivative securities that are designed to hedge or offset a decrease in market value of their Shares.

## Compensation Elements

Pason's total compensation package includes fixed and variable components. The components are designed to support the philosophy of pay-for-performance, with a significant portion of an executive's total compensation being variable to incentivize strong performance and create Shareholder value. Fixed compensation elements include base pay, benefits, and a retirement savings plan. Variable at-risk elements include an annual discretionary bonus and medium- and long-term incentive awards. The table below provides a summary of the different executive compensation elements:

Type of Award	Form of Award	Performance Period	Payout
Base Salary	Cash	1 Year	Fixed
Short-Term Incentive <sup>(1)</sup> (STIP)	Cash	1 Year	At-risk; Payout based on corporate and individual performance
Medium-Term Incentive (MTIP)	Performance Share Units (PSUs) <sup>(2)</sup> Restricted Share Units (RSUs) <sup>(3)</sup>	3 Years	At-risk; Payout settled in cash and varies based on Pason's relative TRS performance and economic value creation for PSUs, and on Pason's Share price for RSUs
Long-Term Incentive (LTIP)	Stock Options <sup>(4)</sup>	Maximum 5 years (1/3 vests each year over 3 years)	At-risk; Payout is settled in Shares
Benefits	Life, Health, Dental insurance	Ongoing	Benefits vary by country
Retirement Savings	Cash	Ongoing	Contributions vary by country

(1) This is a discretionary cash bonus program and is further described below under the heading *Variable Compensation* on page 24.

(2) The PSU plan is further described under the heading *Performance Share Unit (PSU) Plan* on page 26.

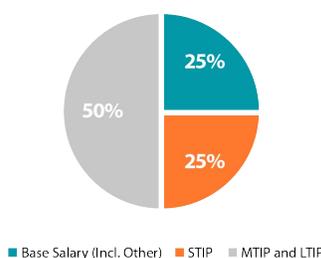
(3) The RSU plan is further described under the heading *Restricted Share Unit (RSU) Plan* on page 26.

(4) The stock option plan is further described under the heading *Long-Term Incentives* on page 27.

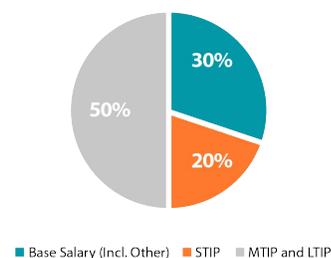
## Compensation Mix

The HRC Committee establishes a target compensation mix for each executive level based on the executive's ability to affect results over the medium- to long-term. Across all Pason employees, more senior roles have a higher percentage allocated to variable and longer-term compensation. The HRC Committee also takes into consideration market practice for similar positions in the Comparator Group. The following outlines the 2021 target compensation mix for the CEO and the target compensation for the other NEOs:

CEO Target Compensation



Other NEOs' Target Compensation



The portion of target compensation for NEOs that is delivered in the form of MTIP and LTIP awards is split as follows:

	Medium-Term Incentive (MTIP)		Long-Term Incentive (LTIP)
	Performance Share Units (PSUs)	Restricted Share Units (RSUs)	Stock Options
CEO	50%	25%	25%
All other NEOs	25%	50%	25%

The HRC Committee may determine the grant value or number of PSUs, RSUs and Stock Options at its sole discretion, which may include taking factors into consideration such as compensation data from comparable benchmark positions against Pason’s Comparator Group, duties and seniority of the executive, individual and/or departmental contributions and potential contributions to the overall success of Pason, and such other factors as the HRC Committee deems relevant.

## Fixed Compensation

### Base Salary

Base salary reflects the scope, responsibility, accountability, and complexity of an executive’s role. Adjustments to base salary may be awarded based on a combination of:

- Significant changes to an individual’s duties and responsibilities
- Competition within the market where the Corporation competes for talent
- Pason’s financial performance and ability to pay

Additional information regarding NEO salaries can be found under the heading, *Summary Compensation Table*, starting on page 33.

## Variable Compensation

### Short-Term Incentive

Pason supports a pay-for-performance philosophy. All employees, including NEOs, are eligible for an annual discretionary cash bonus. The annual discretionary bonus aligns a component of the employee’s total compensation with the Corporation’s financial and operational success, while also taking into consideration an individual’s personal contributions. Each employee has a bonus target, which is expressed as a percentage of base salary. Targets vary by level within the Corporation, with senior level positions having proportionately more pay-at-risk. This program is designed to ensure that bonuses appropriately reflect the financial performance of the Company as well as the performance of employees.

The HRC Committee approves bonus targets for NEOs, considering a role’s responsibilities and business impact, in addition to benchmark data of the Comparator Group. Bonus targets for NEOs are expressed as a percentage of base salary, as summarized in the table below:

Position	Target Bonus
President & CEO	100%
All other NEOs	75%

Corporate performance measures, which inform the determination of bonus payments for all NEOs, as well as the determination of the available annual discretionary bonus pool for all employees, are summarized in the table below:

## Corporate Performance Measures

<b>Financial Results</b>	Adjusted EBITDA	This non-IFRS financial measure is calculated by taking net income before interest income and expense, income taxes, stock-based compensation expense, depreciation and amortization expense, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, net monetary adjustments, government wage assistance, revaluation of put obligation, and other items which the Company does not consider to be in the normal course of continuing operations.
	Return on invested capital <sup>(1)</sup>	This non-IFRS financial measure is calculated by taking normalized net income plus after-tax interest expense, divided by average invested capital (shareholders' equity plus interest-bearing debt, less cash and cash equivalents).
<b>Operating Measures</b>	Revenue per Industry Day	This supplementary financial measure is calculated by taking revenue generated by the North American business unit divided by the number of North American oil and gas industry drilling days as provided by recognized industry sources.
	Days Sales Outstanding	This non-IFRS financial measure is calculated by taking the annual weighted average of average accounts receivable balances at the beginning and end of each quarter divided by average daily revenue within the quarter.
	Safety performance	Measures include process-related measures around the Corporation's training initiatives and outcome-based measures of the Corporation's safety performance. Safety outcomes are measured through the Corporation's Total Recordable Incident Rate (TRIR). Pason also measures the percentage of employees who have completed specified safety training modules.

<sup>(1)</sup> Normalized net income is defined as net income adjusted for the tax affected amounts relating to foreign exchange gains/losses, losses (gains) on disposal of assets, stock-based compensation and non-recurring items (at the discretion of the HRC Committee). Average invested capital is calculated using balances at the start of the year and the end of each quarter.

For each of the corporate performance measures, the HRC Committee reviews and approves the outcomes required for threshold, target and maximum performance scores. Performance scores for financial results can range from 0% to 175% and performance scores for operating measures can range from 0% to 125%. Financial results and operating measures are equally weighted in the determination of annual discretionary bonus payouts, resulting in a bonus multiplier that can range from 0% to 150%.

These measures and their targets are reviewed and approved by the HRC Committee each year for appropriateness. Beginning in 2022, an additional operating measure will be included to reflect Pason's environmental, social and governance (ESG) priorities. Bonus payments are made before the end of the first quarter following the respective performance year, subject to review and approval of Pason's year-end audited financial statements by the Board.

In 2021, the consolidated bonus multiplier was 135%, reflecting Pason's strong financial and operational performance during the year.

Corporate Performance Measures				
		Target	Result	Category Score
<b>Financial results (50% weighting)</b>	Adjusted EBITDA	\$58 million	\$73 million	146%
	Return on invested capital	14%	23%	
<b>Operating Measures (50% weighting)</b>	Revenue per Industry Day	\$700	\$748	125%
	Days Sales Outstanding	80 days	69 days	
	Safety performance – TRIR	0.70	0.46	
	Safety performance – Training	90%	100%	
<b>2021 Bonus Multiplier</b>			<b>135%</b>	

## Medium-Term Incentives

### Restricted Share Unit (RSU) Plan

The RSU Plan was adopted by the Corporation in 2008 to promote a greater alignment of interests between designated participants and Shareholders by providing remuneration based on the market value of Shares. It is a cash-based plan under which no Shares are issued. The HRC Committee may recommend that RSUs be granted to employees of the Corporation and to other persons, if approved by the HRC Committee in advance.

RSUs are awarded annually, normally in November of each year (the "Award Date"), and from time-to-time, during each year. RSUs mature over three years and one-third of the RSUs are paid out on each of the first, second, and third anniversaries (the "Maturity Date") of the Award Date. On the applicable Maturity Date, the number of RSUs maturing will become payable to each participant, in cash. The amount payable is determined by multiplying the number of RSUs by the current market value of Shares on the applicable Maturity Date. The current market value is defined as the weighted average trading price of Shares for the last five trading days on the TSX, up to, and including, the closing market price on the Maturity Date. In the event of a change of control (as defined in the RSU Plan), all participants would be entitled to accelerated maturity of all unmatured RSUs.

### Performance Share Unit (PSU) Plan

The PSU Plan was implemented in 2014 and is consistent with Pason's pay-for-performance philosophy. It is a cash-based plan under which no Shares are issued. The PSU Plan provides incentive for executives to drive superior medium- to long-term performance without diluting Shareholder value and directly aligns a significant portion of executive compensation to Pason's TRS and economic value creation over a multi-year period.

The following metrics were used to calculate 2021 payouts related to PSUs granted in 2018 and 2019:

<b>Total Return to Shareholders (TRS)<sup>(3)</sup></b>	This non-IFRS financial measure is calculated by taking the percentage change in the volume-weighted average market price of PSI ("Average PSI") in the Measurement Period <sup>(1)</sup> compared to the Average PSI in Year 0 <sup>(2)</sup>
<b>Indices</b>	The "SPTTEN Return" is the percentage change in the average market price of the SPTTEN (S&P/TSX Capped Energy Index) (the "Average SPPTEN") in the Measurement Period compared to the Average SPTTEN in Year 0. The "OSX Return" is the percentage change in the average market price of the OSX (PHLX Oilfield Services Sector Index) (the "Average OSX") in the Measurement Period compared to the Average OSX in Year 0
<b>Index Return (IR)<sup>(3)</sup></b>	This non-IFRS financial measure is calculated by taking the simple average of the SPTTEN Return and the OSX Return
<b>Relative Return (RR)<sup>(3)</sup></b>	This non-IFRS financial measure is calculated by subtracting the IR from the TRS

<sup>(1)</sup> The Measurement Period is the historical period of time between the grant date of the applicable PSUs and the relevant annual payout date.

<sup>(2)</sup> Year 0 is equal to the 12-month historical period of time immediately preceding the day that is exactly one, two, or three years before the annual payout date.

<sup>(3)</sup> This measure is not recognized under International Financial Reporting Standards.

If TRS performs in parallel with the Index Return, the Relative Return metric would equal zero. If TRS outperforms the Index Return, the Relative Return metric will be positive, and if TRS underperforms the Index Return, the Relative Return metric will be negative. If outperformance is achieved, the payout would increase in a linear fashion up to a maximum of 200% of a participant's Target PSU Payout, reached at a relative outperformance of +20%. If underperformance occurs, the payout will decrease in a linear fashion to a zero-dollar payout at a relative underperformance of -20%.

PSUs granted in 2018 and 2019 are paid over three years (one-third each year) in cash on the first, second, and third anniversaries of their grant, which will normally be at the end of November of each year. In the event of a change of control (as defined in the PSU Plan), all participants would be entitled to accelerated maturity of all unmatured PSUs, with actual payout calculated using metrics as at the date of the change of control to reflect pro-rata performance up to the triggering event.

## 2020 PSU Plan Updates

In 2020, management and the HRC Committee undertook a review of the PSU Plan to better align long-term incentive compensation with a broader assessment of performance. As a result of this review, the following notable changes were made to the PSU Plan for grants beginning in 2020:

- Pason's relative TRS performance will be evaluated against other North American oilfield services companies through comparison to returns from the OSX Index;
- Pason's relative TRS performance will be evaluated against a broad Canadian equity market through comparison to returns from the TSX Composite Index;
- Pason's economic value creation will be evaluated through the Company's return on invested capital;
- Each of the measures of performance will be individually capped at a maximum of 200%, and the three measures will be averaged, resulting in an overall range of payouts between 0% and 200% of grant value; and
- PSUs will vest and be paid out at the end of a three-year measurement period (often referred to as a "cliff vest").

These metrics and their targets are reviewed and approved by the HRC Committee each year for appropriateness.

As PSU grants beginning in 2020 vest and pay out at the end of a three-year measurement period, there were no payouts in 2021 related to PSUs granted in 2020. Payouts related to the 2020 PSU grant will be made in 2023, unless vesting is otherwise partially or fully accelerated under the terms of plan as a result of a change of control or due to the death, permanent disability or retirement of a recipient.

## **Long-Term Incentives**

### **Stock Option Plan**

The stock option plan gives executives and eligible employees (restricted to select positions, which typically include executives, senior managers, or top individual contributors) the opportunity to receive stock options each year. The number of stock options awarded is based on individual performance, the level of impact of the position within the Corporation, and the overall market competitiveness of the Corporation.

In 1996, the Board and Shareholders approved and adopted Pason's first incentive stock option plan. On April 29, 2021, Shareholders approved the 2021 Stock Option Plan.

The purpose of the 2021 Stock Option Plan is to provide the officers and employees of Pason with a long-term incentive that is intrinsically tied to the enterprise value of Pason, thereby encouraging them to remain associated with Pason and furnishing them with a strong incentive in their efforts on behalf of Pason.

The total number of Shares issuable under the 2021 Stock Option Plan may not exceed 7% of the Corporation's issued and outstanding Shares on a non-diluted basis. However, as outlined in the table below, the potential dilution rate since 2017 has been between 4.1% and 6.5%.

The following table shows the historical rate of dilution of the Corporation's float that would be caused by the exercise of all stock options outstanding during the year indicated.

	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021
Shares outstanding, end of period (# in 000's)	85,059	85,703	84,443	83,089	82,194
Options outstanding, end of period (# in 000's)	5,514	5,534	5,111	4,278	3,325
Options outstanding as a % of Shares	6.48	6.46	6.05	5.15	4.05

As at March 16, 2022, there were 82,118,003 Shares outstanding and 3,207,569 options to purchase Shares (equal to 3.91% of the outstanding Shares) outstanding. Pursuant to the 2021 Stock Option Plan, the maximum percentage of Shares issuable is limited to 7% of issued and outstanding Shares. As a result, Pason had 2,540,691 options available for grant as at March 16, 2022.

In 2021, 45% of new stock options issued were awarded to NEOs, and the remaining 55% of new stock options issued were awarded to other eligible employees.

The following table sets out the grant rate of stock options and the year-end dilution level of those options for the past three years:

Year	Stock Options Grant Rate <sup>(1)</sup>	Year-End Dilution Level of Stock Options as a Percentage of Shares Outstanding <sup>(2)</sup>
2021	0.7%	0.1%
2020	0.8%	0.0%
2019	1.0%	0.3%

(1) Stock Options Grant Rate is calculated by dividing the total number of options granted per year by the number of weighted average outstanding Shares as determined at year end.

(2) Year-End Dilution Level of Stock Options as Percentage of Shares Outstanding is calculated by dividing the dilution level of stock options in-the-money by the weighed average of outstanding Shares as determined at year end.

## Equity Compensation Plan Information

The following table contains information in respect of the Corporation's 2021 Stock Option Plan (described above under the heading *Stock Option Plan* on page 27), that being the only compensation plan under which equity securities of the Corporation are authorized for issuance. The information contained in the table is at December 31, 2021.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by Shareholders	3,324,759	\$14.67	2,428,825
Equity compensation plans not approved by Shareholders	-	-	-
<b>Total</b>	<b>3,324,759</b>	<b>\$14.67</b>	<b>2,428,825</b>

Under the 2021 Stock Option Plan, no participant may, at any time, hold options for more than 5% of the total issued and outstanding Shares of the Corporation. Also, no insider may, at any time, hold options or other rights that could result in the issuance, in any 12-month period, of a number of Shares exceeding 5% of the Corporation's then issued and outstanding Shares. The total number of Shares subject to options issued to insiders within any one-year period or issuable to insiders at any time, when combined with any and all other equity-based incentive plans of the Corporation pursuant to which Shares may be issued, may not exceed 7% of the total issued and outstanding Shares. The benefits, rights, and options under the 2021 Stock Option Plan are not transferable or assignable, other than for normal estate settlement purposes.

Stock options are granted annually, normally in November of each year, and from time-to-time during the year as is necessary and appropriate. Eligibility for annual grants is dependent on employee performance and potential long-term contribution to, and impact on, the Corporation. Officers and employees of the Corporation or any of its subsidiaries or affiliates are entitled to participate in the 2021 Stock Option Plan. Non-employee directors are not eligible to participate, and the Board may not amend the plan to allow their participation without Shareholder approval.

The exercise price for options is set by the Board at the time such options are granted (the "Grant Date") and cannot be less than the closing market price of Shares listed on the stock exchange on the last trading day before the Grant Date. Options normally vest in equal amounts over three years; however, the Board has the authority to determine other vesting timeframes and restrictions at the time such options are granted. Under the 2021 Stock Option Plan, the Board also sets the expiration time by which options may be exercised, which must be less than five years or a shorter period if prescribed by the stock exchange. All options that have been granted since 2008 expire five years from their Grant Date. If any stock options

expire during a trading blackout period, the expiration date is extended by ten business days for any option holders subject to that trading blackout period.

If an option holder's employment is terminated for any reason other than death or permanent disability, the participant must exercise his or her options by the earlier of 90 days from that termination date or the option expiry date. In the event of an option holder's death or termination as a result of permanent disability, the time to exercise the stock options that had vested as of the date of death or termination is extended to 12 months, and unvested options vest on a pro-rata basis.

Under the terms of the 2021 Stock Option Plan, in the event of a change of control (as defined in the plan), all unvested stock options would immediately vest.

The Board has full authority to administer the 2021 Stock Option Plan, including the power to suspend or terminate it. The Board also has authority to amend or revise its terms, subject to any required Shareholder approval, provided such amendment or revision neither requires approval of a regulatory authority or stock exchange having jurisdiction over the Shares nor has an effect on the beneficial rights of option holders.

The Board may not, without Shareholder approval, amend or revise the plan or any option granted under the plan that has the effect of:

- Increasing the number of Shares reserved for issuance
- Reducing the exercise price of an option or cancelling and reissuing an option
- Extending the option period beyond its original expiration date
- Allowing non-employee directors to participate
- Permitting the transfer or assignment of options, other than for normal estate settlement purposes
- Amending the amendment provisions of the plan

Under the terms of the 2021 Stock Option Plan, the Board may, without Shareholder approval, effect the following changes to the plan or to any option issued thereunder:

- A modification required to comply with applicable laws or any regulatory authority or stock exchange having jurisdiction over the Shares
- A modification that extends or accelerates the terms of vesting applicable to any option
- A modification, the object of which is to correct any provision that is inapplicable or ambiguous or is an error or omission, and make amendments of a "housekeeping" nature
- A modification that amends or modifies the mechanics of exercise of an option

No financial assistance by the Corporation is provided to grantees of options under the 2021 Stock Option Plan.

### **Benefits and Perquisites**

Pason provides a market competitive employment benefits program to eligible employees, including NEOs, which may include life insurance, medical, dental, short- and long-term disability programs, emergency travel assistance, and retirement savings plans. The program differs in the geographic areas where the Corporation operates, based on competitive local practices. Eligible employees participate in the plan(s) appropriate to their country of residence and their employment status with the Corporation.

Pason offers retirement savings plans to eligible employees, including executives, in both Canada and the United States. In Canada, the Corporation makes a matching contribution through a group registered retirement savings plan (RRSP) on behalf of each participating employee, up to a maximum of 5% of annual base salary, provided such annual contributions are within the limits prescribed by the *Income Tax Act* (Canada). For employees in the United States, a fixed contribution is made to a 401(K) Safe Harbor Plan at a rate of 3% of annual base salary on behalf of each employee, provided such contributions are within the limits prescribed by the *Internal Revenue Code* (USA).

The Corporation does not provide executives with a company vehicle or vehicle allowances, or other such perquisites. The value of the benefit arrangements outlined above provide additional compensation to the Corporation's NEOs that are competitive with those provided in the industry and are not in aggregate more than \$50,000 or 10% of the executive's annual total compensation for the financial year and, as such, is included in the table provided under the heading, *Summary Compensation Table*, on page 33.

### Executive Share Ownership Guidelines

The Board believes that NEOs and certain other executives should have meaningful personal holdings of Pason Shares to further align their interests and actions with the interests of the Corporation's Shareholders. The Executive Share Ownership Guidelines require that:

- The CEO must have Share ownership equal to three (3) times base salary
- All other NEOs must have Share ownership equal to one (1) time base salary

Each covered executive has five years from the date of appointment to the applicable executive position to attain the required level of Share ownership. Once an executive's Share ownership has met the target, the executive is expected to maintain such ownership for as long as he or she is subject to the guidelines.

The value of shareholdings is calculated as the greater of 1) the current market value of the Shares, and 2) the acquisition cost of such Shares. Holdings that will not be considered when measuring Share ownership include unexercised stock options (whether vested or unvested) and unvested PSUs. If an executive is not in compliance with the ownership target, the Board may require the executive to use up to 50% of any after-tax payout under the RSU Plan and PSU Plan to purchase Shares of the Corporation on the open market. If the Share value ownership target increases because of an increase in annual base salary, the executive has two years to meet the incremental target.

The following table shows the Shareholdings, unvested RSUs and DSUs credited of each NEO, as at March 16, 2022, valued at \$13.29, which is the closing price of the Shares on the TSX on March 16, 2022.

Name	Number of Shares Owned	Number of Unvested RSUs	Number of DSUs Credited	Market Value of Shares Owned, Unvested RSUs and DSUs Credited
<b>Jon Faber</b> President & CEO	42,000	46,005	23,599	\$1,483,217
<b>Celine Boston</b> CFO	746	38,162	-	\$517,087
<b>Kevin Boston</b> VP Commercial	15,201	45,219	-	\$802,982
<b>Bryce McLean</b> VP Operations	7,263	40,365	-	\$632,976
<b>Russell Smith</b> VP International	14,790	44,847	-	\$792,576

## 2021 Compensation of Named Executive Officers

The total direct compensation mixes for the President & CEO and other NEOs consists of base salary, short-term (discretionary cash bonus), medium-term (PSUs and RSUs), and long-term (stock option) incentives.

The total direct compensation paid and awarded to Pason's President & CEO and to the other NEOs aligns with and reflects Pason's compensation strategy, as outlined in the section titled, *Compensation Discussion and Analysis* ("CD&A") on page 19.

### Performance Analysis

Pason's mission is to deliver technology and services that improve the effectiveness, efficiency, and safety of drilling operations worldwide. The Corporation is pursuing a balanced value strategy intended to defend the Corporation's leading market positions, steadily grow revenue per rig in the North American rental market, grow and improve the profitability of the international business, establish pillars of growth not tied to drilling, and continue to appropriately allocate capital to Shareholders while maintaining a strong balance sheet.

Under the leadership of Jon Faber, President & CEO, Pason successfully navigated continued challenging conditions as a result of the COVID-19 pandemic. Specific achievements for the 2021 calendar year include:

1. Ensured operational effectiveness in the midst of changing public health guidelines and restrictions related to COVID-19 while meeting a 20% increase in industry activity;
2. Increased North American market share to the highest level in Pason's history and grew North American Revenue per Industry Day by 6%;
3. Continued to increase the adoption of data delivery services and additional integrations of the Drilling Advisory System (DAS);
4. Increased Adjusted EBITDA by 83% on a 32% increase in consolidated revenue, generating incremental Adjusted EBITDA margins of 66%<sup>(1)</sup>;
5. Generated Free Cash Flow of \$55 million through disciplined management of operating costs, capital expenditures and working capital<sup>(2)</sup>;
6. Protected a strong balance sheet and ended the year with cash and cash equivalents of \$158 million;
7. Returned \$25 million to shareholders through dividends and Share repurchases; and
8. Ensured strong safety performance with a corporate TRIR of 0.46.

Through the COVID-19 pandemic, Pason has retained the technology and service capabilities required to strengthen its competitive position as the industry recovers. These strengths, along with an exceptional workforce and culture, are the foundation for Pason's ability to continue to deliver significant value to customers and achieve long-term success. The compensation received by the President & CEO and other NEOs was, in the opinion of the HRC Committee and the Board, aligned with corporate achievements and Shareholder returns in 2021.

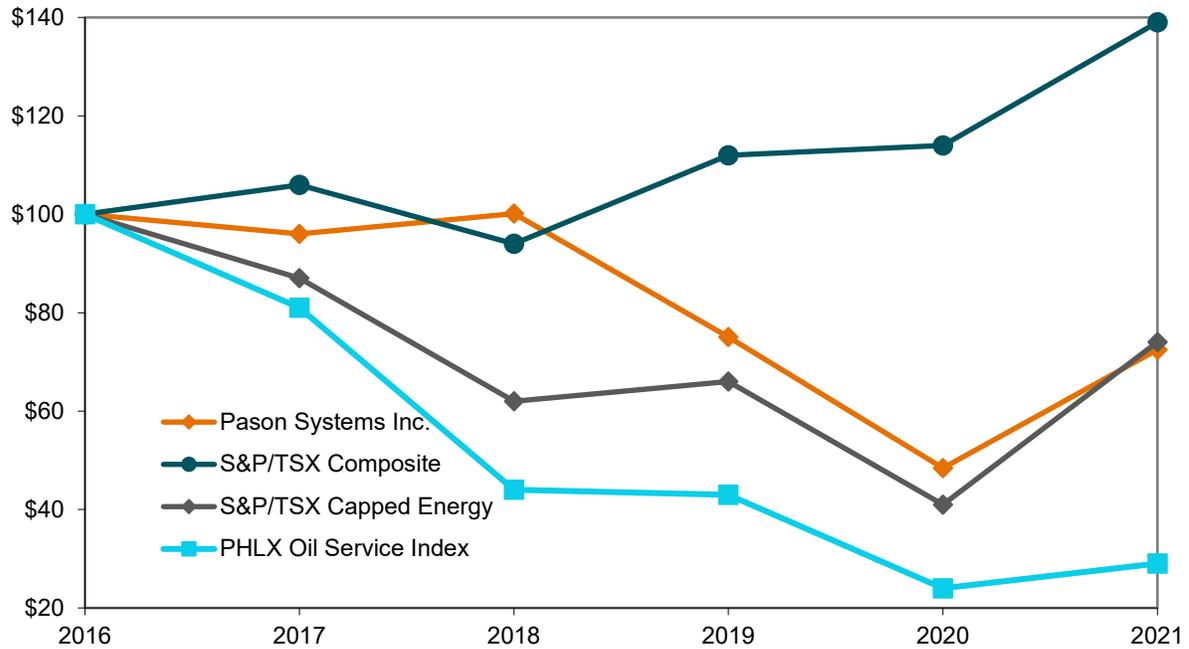
### Performance Graph

The following performance graph illustrates over a five-year period the cumulative return to Shareholders of an investment in Shares compared with the cumulative total Shareholder return on the TSX Composite Index, the TSX Capped Energy Index (SPTTEN) and the PHLX Oil Service Sector Index (OSX). The graph assumes the reinvestment of dividends, and the returns are measured using the closing price of the Shares of the Corporation as at December 31 of the year indicated.

<sup>(1)</sup> Adjusted EBITDA is a non-IFRS financial measure. See *What are the Non-IFRS Financial Measures?* on page 8 and *Corporate Performance Measures* on page 25 for more information.

<sup>(2)</sup> Free Cash Flow is a non-IFRS financial measure and is incorporated by reference from the Company's MD&A for the year ended December 31, 2021.

### Five-year Total Return on \$100 Investment



Index	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021
	(\$)	(\$)	(\$)	(\$)	(\$)
Pason Systems Inc.	96	100	75	48	72
S&P/TSX Composite	106	94	112	114	139
S&P/TSX Capped Energy (SPTTEN)	87	62	66	41	74
PHLX Oil Services Sector (OSX)	81	44	43	24	29

The compensation of Pason's President & CEO and executive management contains various elements, not all of which are directly related to shareholder returns. As such, the trends in NEO compensation do not necessarily correspond to the trends in equity indices illustrated in the preceding table. The HRC Committee and the Board review executive compensation of the President & CEO and executive management annually and consider a variety of factors which are included in the discussion under the headings of *Short-Term Incentive*, *Medium-Term Incentives*, and *Long-Term Incentives* on pages 24-27.

The HRC Committee and the Board believe that shareholder returns are an important consideration in the creation of compensation programs in order to align executive compensation with shareholder interests. Specifically, compensation delivered through the RSU Plan and the Stock Option Plan is correlated to absolute shareholder returns, and relative shareholder returns are the most significant components of the PSU Plan's performance metrics.

Accordingly, the HRC Committee and the Board believe that the compensation of the President & CEO and executive management is appropriately aligned with the interest of shareholders.

## Summary Compensation Table

The following table provides a summary of the compensation paid or awarded to each NEO during the last three years. Amounts earned, but not paid, are reflected in the period in which the compensation was earned.

Name and Principal Position	Year	Base Salary	Short-Term Incentive	Medium-Term Incentive <sup>(1)</sup>		Long-Term Incentive	All Other Compensation <sup>(2)</sup>	Total Compensation
			Discretionary Cash Bonus <sup>(3)</sup>	RSU Grants <sup>(4)</sup>	PSU Grants <sup>(5)</sup>	Stock Option Grants <sup>(6)</sup>		
<b>Jon Faber</b> <b>President &amp; CEO</b> <sup>(3)</sup>	<b>2021</b>	<b>\$450,000</b>	<b>\$607,500</b>	<b>\$225,005</b>	<b>\$450,000</b>	<b>\$225,000</b>	<b>\$10,817</b>	<b>\$1,968,322</b>
	2020	\$389,250	-	\$225,000	\$450,000	\$157,689	\$17,588	\$1,239,527
	2019	\$360,000	\$235,000	\$168,750	\$337,500	\$108,675	\$18,000	\$1,227,925
<b>Celine Boston</b> <b>CFO</b>	<b>2021</b>	<b>\$275,000</b>	<b>\$278,438</b>	<b>\$206,254</b>	<b>\$103,125</b>	<b>\$103,125</b>	<b>\$8,250</b>	<b>\$974,192</b>
	2020	\$23,974	-	\$206,250	\$103,125	\$72,274	\$75,688	\$481,311
	2019	-	-	-	-	-	-	-
<b>Kevin Boston,</b> <b>VP</b> <b>Commercial</b> <sup>(7)</sup>	<b>2021</b>	<b>\$282,150</b>	<b>\$285,678</b>	<b>\$236,571</b>	<b>\$118,284</b>	<b>\$118,285</b>	<b>\$8,465</b>	<b>\$1,049,433</b>
	2020	\$334,785	-	\$222,750	\$111,375	\$78,056	\$10,044	\$757,010
	2019	\$331,707	\$218,927	\$104,333	\$208,667	\$67,190	\$9,952	\$940,776
<b>Bryce McLean,</b> <b>VP Operations</b>	<b>2021</b>	<b>\$275,000</b>	<b>\$278,438</b>	<b>\$206,254</b>	<b>\$103,125</b>	<b>\$103,125</b>	<b>\$15,250</b>	<b>\$981,192</b>
	2020	\$255,556	-	\$206,250	\$103,125	\$72,274	\$12,778	\$649,983
	2019	\$230,000	\$170,000	\$85,005	\$170,000	\$54,740	\$11,500	\$721,245
<b>Russell Smith,</b> <b>VP</b> <b>International</b> <sup>(7)</sup>	<b>2021</b>	<b>\$282,150</b>	<b>\$285,678</b>	<b>\$236,571</b>	<b>\$118,284</b>	<b>\$118,285</b>	<b>\$8,465</b>	<b>\$1,049,433</b>
	2020	\$331,689	-	\$222,750	\$111,375	\$78,056	\$9,951	\$753,821
	2019	\$328,390	\$159,220	\$90,000	\$180,000	\$57,960	\$9,852	\$825,422

(1) The RSU and PSU plans are further described under the headings *Restricted Share Unit (RSU) Plan* and *Performance Share Unit (PSU) Plan*, respectively, starting on page 26.

(2) All Other Compensation represents the value of contributions the Corporation made to the NEOs' retirement savings plans implemented in 2013 and as described under the heading *Benefits and Perquisites* on page 29.

(3) 2021 discretionary cash bonuses are paid in 2022, after financial results are finalized. Pursuant to the terms of the DSU Plan, as a management director, Jon Faber is entitled to elect to receive a portion of his short-term incentives in the form of DSUs. The DSU Plan is described under the heading *Deferred Share Unit Plan*, starting on page 16. In 2021, Mr. Faber elected to receive 50% of his 2021 discretionary cash bonus in the form of DSUs, with the balance paid out in cash. As a result, he was credited 23,599 DSUs in 2022. The amount shown in the table above represents 100% of Mr. Faber's 2021 STIP entitlement.

(4) 2021 RSUs were granted on November 30, 2021 at \$10.63 based on the volume-weighted average Share price of the last five trading days in November.

(5) As described above under the heading *Medium-Term Incentives* on page 26, each PSU has a notional target value of \$1.00.

(6) The value of stock option awards reflects the estimated value on the grant date calculated using the Black-Scholes valuation method. 2021 stock option grants were valued at \$2.50.

(7) Kevin Boston and Russell Smith are paid in US dollars. Disclosed compensation has been converted from USD at 1.254 in 2021, 1.341 in 2020, and 1.327 in 2019.

# Incentive Plan Awards

## Outstanding Share-Based Awards and Option-Based Awards

The following table summarizes each NEO's stock options, RSUs and PSUs outstanding at December 31, 2021. The five NEOs held 1,137,961 (34%) of the 3,324,759 stock options issued and outstanding as at December 31, 2021.

Name and Principal Position	Grant Year	Medium-Term Incentive Plan		Medium-Term Incentive Plan		Long-Term Incentive Plan			
		Share-Based Awards: PSUs <sup>(1)</sup>		Share-Based Awards: RSUs <sup>(1)</sup>		Option-Based Awards <sup>(2)</sup>			
		Number of PSUs That Have Not Vested <sup>(3)</sup>	Market Value of PSUs That Have Not Vested <sup>(4)</sup>	Number of RSUs That Have Not Vested	Market Value of RSUs That Have Not Vested	Number of Shares Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(5)</sup>
<b>Jon Faber President &amp; CEO<sup>(6)</sup></b>	2021	450,000	\$450,000	21,167	\$244,267	90,000	\$10.63	Nov 30, 2026	\$81,900
	2020	450,000	\$194,130	20,464	\$236,155	90,000	\$7.33	Nov 30, 2025	\$378,900
	2019	112,500	-	4,374	\$50,476	67,500	\$12.90	Nov 30, 2024	-
	2018	-	-	-	-	75,000	\$20.22	Nov 30, 2023	-
	2017	-	-	-	-	75,000	\$18.49	Nov 30, 2022	-
<b>Celine Boston CFO</b>	2021	103,125	\$103,125	19,403	\$223,911	41,250	\$10.63	Nov 30, 2026	\$37,537
	2020	103,125	\$44,488	18,759	\$216,475	41,250	\$7.33	Nov 30, 2025	\$173,663
<b>Kevin Boston VP Commercial</b>	2021	118,284	\$118,284	22,255	\$256,823	47,314	\$10.63	Nov 30, 2026	\$43,056
	2020	111,375	\$48,047	20,259	\$233,793	44,550	\$7.33	Nov 30, 2025	\$187,556
	2019	69,556	-	2,704	\$31,204	41,733	\$12.90	Nov 30, 2024	-
	2018	-	-	-	-	50,000	\$20.22	Nov 30, 2023	-
	2017	-	-	-	-	50,000	\$18.49	Nov 30, 2022	-
<b>Bryce McLean VP Operations</b>	2021	103,125	\$103,125	19,403	\$223,911	41,250	\$10.63	Nov 30, 2026	\$37,537
	2020	103,125	\$44,488	18,759	\$216,475	41,250	\$7.33	Nov 30, 2025	\$173,663
	2019	56,667	-	2,203	\$25,423	34,000	\$12.90	Nov 30, 2024	-
	2018	-	-	-	-	45,000	\$20.22	Nov 30, 2023	-
	2017	-	-	-	-	45,000	\$18.49	Nov 30, 2022	-
<b>Russell Smith VP International</b>	2021	118,284	\$118,284	22,255	\$256,823	47,314	\$10.63	Nov 30, 2026	\$43,056
	2020	111,375	\$48,047	20,259	\$233,793	44,550	\$7.33	Nov 30, 2025	\$187,556
	2019	60,000	-	2,333	\$26,917	36,000	\$12.90	Nov 30, 2024	-
	2018	-	-	-	-	45,000	\$20.22	Nov 30, 2023	-
	2017	-	-	-	-	45,000	\$18.49	Nov 30, 2022	-

(1) The PSU and RSU plans are further described under the headings *Performance Share Unit (PSU) Plan* and *Restricted Share Unit (RSU) Plan* respectively, starting on page 26.

(2) Represents all unexercised stock options. See page 27 under the heading *Long-Term Incentives* for more information about Pason's stock option plan.

(3) As described above under the heading *Medium-Term Incentives* on page 26, each PSU has a notional target value of \$1.00.

(4) The amounts disclosed for PSUs that were granted in November of 2021 reflect the target amounts payable to each NEO under the PSU Plan and do not take the performance conditions into account given that on December 31, 2021, only one month has elapsed since the grant date. The amounts disclosed for the unvested PSUs granted in 2019 and 2020 are measured at the PSU performance multiplier calculated as at December 31, 2021.

(5) Calculated based on the difference between the market price of the Shares at December 31, 2021 (\$11.54), and the exercise price of the stock options for any in-the-money options.

(6) In addition to the awards outlined in this table, Jon Faber was credited with 23,599 DSUs in 2022 as a result of an election to receive 50% of his 2021 discretionary cash bonus in the form of DSUs.

## Incentive Plan Awards - Value Vested or Earned During the Year

The following table summarizes the discretionary cash bonus earned in 2021 and the value that would have been realized if the stock options granted to each of the NEOs had been exercised on the vesting date in 2021 and the value realized from RSUs and PSUs that vested during 2021.

Name	Short-Term Incentive	Medium-Term Incentives		Long-Term Incentive	Total
	Discretionary Cash Bonus <sup>(1)</sup>	RSUs <sup>(2)</sup>	PSUs <sup>(3)</sup>	Stock Options <sup>(4)</sup>	
<b>Jon Faber</b> President & CEO	\$607,500	\$155,262	\$113,319	\$126,300	\$1,002,381
<b>Celine Boston</b> CFO	\$278,438	\$99,699	-	\$57,888	\$436,025
<b>Kevin Boston</b> , VP Commercial <sup>(5)</sup>	\$285,678	\$136,436	\$87,708	\$62,519	\$572,341
<b>Bryce McLean</b> VP Operations	\$278,438	\$123,127	\$61,396	\$57,888	\$520,849
<b>Russell Smith</b> , VP International <sup>(5)</sup>	\$285,678	\$132,471	\$70,167	\$62,519	\$550,835

(1) As noted in the *Summary Compensation Table* on page 33, Jon Faber elected to receive 50% of his 2021 discretionary cash bonus in the form of DSUs. For greater certainty, the amount shown in the table above represents 100% of Jon Faber's 2021 STIP entitlement.

(2) Calculated based on the number of RSUs that matured in 2021 multiplied by the market price of the Shares on the maturity date.

(3) Calculated based on the number of PSUs that matured in 2021 multiplied by the applicable PSU Multiplier of each maturing tranche of PSUs on the maturity date.

(4) Calculated based on the difference between the market price of the Shares on December 31, 2021 and the exercise price of the stock options for any in-the-money options, regardless of whether the stock option was exercised.

(5) Kevin Boston and Russell Smith are paid in US dollars. Disclosed compensation has been converted from USD at \$1.254 in the table above where applicable.

## Aggregated Option Exercises During the Most Recently Completed Financial Year-End and Option Values

There were no stock options exercised by the NEOs during the fiscal year ended December 31, 2021.

# Termination and Change of Control Benefits

## Termination of Employment

In the event of termination of employment, each of the NEOs would receive the termination benefits set out in the Stock Option, RSU, and PSU Plans. NEOs are afforded no special treatment upon termination or otherwise under these plans.

The following table summarizes the results of termination of employment under the medium- and long-term incentive plans and the NEOs' employment agreements:

Plan	Treatment Upon Termination
Stock Option Plan	Participants have 90 days from the date of termination to exercise any vested options <sup>(1)</sup> Unvested options expire immediately upon termination
RSU Plan	All unmatured RSUs are cancelled immediately upon termination
PSU Plan	All unmatured PSUs are cancelled immediately upon termination
Employment Agreement	NEOs are entitled to a retirement allowance for termination without cause (see below)

<sup>(1)</sup> Pursuant to the Stock Option Plan, if the termination is a result of the participant's death or permanent disability, the time period to exercise options is extended to 12 months. For more information about the stock option plan, see *Stock Option Plan* on page 27.

## President & CEO

Jon Faber's employment agreement provides that should his employment be terminated by the Corporation at any time other than for just cause, he would be entitled to a payment of:

1. An amount equal to 24 months of his then annual base salary; plus,
2. An amount equal to five percent of his then annual base salary to compensate for loss of medical, dental and insurance coverage.

The Corporation is deemed to have terminated Jon Faber's employment without just cause if:

1. His regular place of work is relocated outside of Calgary without his consent;
2. The Corporation fails to continue to provide him with any material benefit or plan, or fails to obtain an assumption of the Corporation's obligations under such benefits or plans from any successor company; or
3. A variety of other occurrences that are typically associated with constructive dismissal at law.

## Chief Financial Officer and Other NEOs

The employment agreements for the Chief Financial Officer and other NEOs provides that should his/her employment be terminated by the Corporation at any time other than for just cause, he/she would be entitled to a payment of:

1. An amount equal to 12 months of his/her then annual base salary; plus
2. An amount equal to five percent of his/her then annual base salary to compensate for the loss of medical, dental and insurance coverage.

The Corporation is deemed to have terminated the employment without just cause if:

1. His/her regular place of work is relocated outside of Calgary or Houston, as applicable, without his/her consent;
2. The Corporation fails to continue to provide him/her with any material benefit or plan, or fails to obtain an assumption of the Corporation's obligations under such benefits or plans from

any successor company; or

3. A variety of other occurrences that are typically associated with constructive dismissal at law.

## Change of Control

In the event of a change of control, all unvested or unmatured stock options, RSUs and PSUs held by NEOs would immediately vest. Accelerated vesting applies equally to all other participants in those plans.

For purposes of the accelerated vesting under Pason's stock option, RSU and PSU Plans, the definition of a change of control event is generally consistent, and is deemed to occur if any of the following transpire:

1. A person or group of persons acquires an equity interest in Pason that, together with all other equity interests already held by such individual or group, constitutes more than 50% of the total fair market value or total voting power of the equity interests in Pason;
2. A person or group of persons acquires (or has acquired in the last 12 months) an equity interest in Pason possessing 50% or more of the total voting power of the equity interests in Pason or a majority of the members of the Board is replaced during any 12 month period by directors whose appointment is not endorsed by a majority of the then current members; or
3. A person or group of persons acquires (or has acquired in the last 12 months) assets from Pason having a total gross fair market value equal to or in excess of 40% of the total gross fair market value of all Pason's assets.

The following table summarizes the results of a change of control under the medium- and long-term incentive plans and the NEOs' employment agreements:

Plan <sup>(1)</sup>	Treatment upon Change of Control
Stock Option Plan	Accelerated vesting
RSU Plan	Accelerated maturity
PSU Plan	Accelerated maturity
Employment Agreement	The President & CEO and the Chief Financial Officer may be entitled to a retirement allowance upon change of control (see below)

<sup>(1)</sup> A change of control does not trigger early redemption under the DSU Plan. For more information about the DSU Plan, see *Deferred Share Unit Plan*, starting on page 16.

The employment agreements of the President & CEO and the Chief Financial Officer provide that, should a change of control occur, such executives have the right, for a period of six months following such a change of control, to elect to resign from their employment with the corporation with two months' advance notice.

Upon making such an election, the executive would become entitled to a payment equal to that which they would receive upon termination as set out above. Should the executive decline to make that election within six months of such events, he or she would be deemed to have acquiesced to the change of control event and circumstances that might otherwise constitute constructive dismissal.

## Termination and Change of Control Benefits Summary Table

The following table contains a summary of the payments that each NEO would have received had that individual's employment been terminated without just cause or had a change of control event occurred on December 31, 2021. Generally, all change of control and termination benefits are due to the employee within 20 days of the triggering event.

Name	Termination (without just cause)	Change of Control <sup>(1)</sup>
<b>Jon Faber</b> <sup>(2)</sup> President & CEO	\$945,000	\$1,635,828
<b>Celine Boston</b> <sup>(2)</sup> CFO	\$288,750	\$799,199
<b>Kevin Boston</b> VP Commercial	\$296,258	\$918,762
<b>Bryce McLean</b> VP Operations	\$288,750	\$824,621
<b>Russell Smith</b> VP International	\$296,258	\$914,475
<b>Total payments to all NEOs</b>	<b>\$2,115,016</b>	<b>\$5,092,885</b>

<sup>(1)</sup> Amounts in this column represent a payment equal to the value of each NEO's vested and unvested stock options, unvested RSUs, and unvested PSUs, as at December 31, 2021.

<sup>(2)</sup> If a change of control event were to occur in connection with one of the subsequent events entitling Jon Faber and Celine Boston to an additional change of control benefit, as discussed above under the heading, *Termination and Change of Control Benefits Summary Table* on page 38, the total change of control benefit payable would be the termination amount, plus the change of control amount.

## CEO Pay Ratio

The 2021 annual total compensation of Pason's median employee (other than our President & Chief Executive Officer) was \$117,777, as compared to the Canadian median income of \$37,710 (source: 2019 Statistics Canada). The CEO's annual total compensation for 2021 was \$1,968,322, representing a ratio of approximately 17:1 to the Corporation's median employee income.

By comparison, the average S&P 500 company CEO to employee pay ratio was 299:1 in 2020 (source: 2020 AFL-CIO Executive Paywatch) and 191:1 for the 100 highest-paid CEOs in Canada (source: January 2022 CCPA).

To identify our median employee compensation, we used the entire full-time, part-time and temporary employee population of Pason and its subsidiaries as of December 31, 2021, and measured compensation based on annualized base pay, target values of medium- and long-term incentive opportunities, year-to-date overtime and other year-to-date cash wages including bonuses, commissions and premiums.

After identifying our median employee compensation, we calculated the CEO's annual total compensation for 2021 using the same methodology that we use to determine our NEOs' annual total compensation for the *Summary Compensation Table* on page 33.

The pay ratio reported by other companies may not be comparable to the pay ratio reported above as other companies may have different employment and compensation practices and may use different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

# Corporate Governance Disclosure

Pason and its Board are committed to maintaining high standards of governance that comply with all regulatory standards and reflect evolving best practices that are in the interest of the organization and its Shareholders. The Board directly, and through its various committees, complies with evolving Canadian corporate governance requirements, including those established under NI 52-110 (Audit Committees), NI 58-101 (Disclosure of Corporate Governance Practices), and NP 58-201 (Corporate Governance Guidelines). The information required to be disclosed under NI 52-110 is included in the AIF under the heading “Audit Committee.”

To this end, the Board has adopted a Code of Conduct and Ethics (the “Code”), as well as a number of policies, including an Anti-Corruption Policy, a Disclosure and Public Communications Policy and a Trading in Securities and Reporting Policy. These policies, together with the mandates of the Board and its committees as well as position descriptions, have been adopted to assist the Corporation in maintaining a high standard of corporate governance.

A copy of the Code has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation’s website at [www.pason.com](http://www.pason.com) in the Investors section (under Corporate Governance). Copies of each of the Anti-Corruption Policy, a Disclosure and Public Communications Policy and a Trading in Securities and Reporting Policy and the mandates of the Board and its committees are also available on the Corporation’s website.

## Board of Directors

### Board Membership and Independence

The Board is currently made up of six directors. Four of the six nominated directors and all current members of each Board committee are independent for the purposes of NI 58-101 and NI 52-110. As Pason’s former President & CEO, Marcel Kessler is deemed to have a material relationship with the Corporation and is therefore not independent within the meaning of National Instrument 52-110 Audit Committees. Mr. Kessler will not participate in any of the committee meetings.

As Pason’s current President & CEO, Jon Faber is not independent. If elected, Mr. Faber will not serve on any standing committees of the Board, but will attend by invitation all or substantially all the CGN Committee, Audit Committee and HRC Committee meetings. He will not have a vote at such committee meetings and will not be present for decisions that involve him personally.

### Director Overboarding and Interlocking Directorships Policy

The Board believes that imposing a limit on the number of public boards a director may serve helps ensure the directors have sufficient time and attention to fulfill their commitments to the Board. The Board has therefore adopted a Director Overboarding Policy, under which non-executive directors are entitled to sit on the boards of directors of no more than four public companies, including the Board. None of the proposed nominee directors currently sit on more than four public company boards. Executive directors may only serve on the board of another public company with the written consent of the Board. Jon Faber, the only proposed nominee executive director on the Board, is not serving on the board of another public company.

The Board believes that imposing a limit on the number of interlocking directorships among its directors helps directors avoid circumstances that would impact their ability to exercise independent judgment. An interlock occurs when two or more Board members are also fellow board members of another public company. As a result, the Board has adopted an Interlocking Directorships Policy, under which no more than one public company board interlock is permitted among the Company’s directors at any given time. None of the proposed nominee directors currently sit together on the same board of other publicly traded companies.

Additional information related to outside directorships is included under the heading *Director Biographies*.

## **In Camera Meetings**

As part of every Board and Audit Committee meeting (and other committee meetings as needed), Pason's independent directors hold an in-camera session, during which non-independent directors and members of management are not in attendance. The attendance of each director for all Board and committee meetings held in 2021 is disclosed under the heading *Director Biographies*.

## **Chair of the Board is not Independent**

As noted above, Pason's Chair, Marcel Kessler, is not independent within the meaning of National Instrument 52-110 Audit Committees. In order to provide effective leadership, James B. Howe has been appointed as the independent Lead Director. The responsibilities of the Lead Director are described in the Board mandate available on the Corporation's website at [www.pason.com](http://www.pason.com) in the Investors section (under Corporate Governance). Such responsibilities include assuring effective and independent corporate governance in managing the affairs of the Board and the Corporation, chairing meetings and acting as the Corporation's spokesperson when the Chair is absent, chairing independent director sessions of meetings, and communicating with the independent directors.

## **Board Committees**

As of March 16, 2022, the Board has three standing committees to oversee essential parts of the Corporation's governance, which are:

<b>Corporate Governance and Nomination (CGN) Committee</b>	<b>Human Resources and Compensation (HRC) Committee</b>	<b>Audit Committee</b>
Laura L. Schwinn (Committee Chair)	T. Jay Collins (Committee Chair)	James B. Howe (Committee Chair)
James B. Howe	Laura L. Schwinn	T. Jay Collins
Judi M. Hess	Judi M. Hess	Judi M. Hess

Each of these committees is composed entirely of independent directors within the meaning of National Instrument 52-110. The CGN Committee is tasked with identifying which directors are "independent" within the meaning set forth in National Instrument 52-110. The mandates for each of the Board's committees are available on the Corporation's website at [www.pason.com](http://www.pason.com) in the Investors section (under Corporate Governance).

## **Corporate Governance and Nomination Committee**

The CGN Committee is responsible for developing and making recommendations to the Board on all matters relating to effective corporate governance. Within this mandate, the CGN Committee is responsible for monitoring compliance with current governance requirements, keeping abreast of governance best practices, assessing the size and composition of the Board and its committees, implementing director compensation programs, and conducting performance assessments of the directors and the Board as a whole.

The CGN Committee is also responsible for Board and committee succession planning and new director orientation. As part of its succession planning efforts, the CGN Committee is responsible for identifying potential new Board members, either through referrals or a third-party search firm. Once identified, prospective candidates are screened by a third-party search firm, and then reviewed by the CGN Committee to ensure the candidates have the appropriate background, skills, experience, and time to devote the necessary attention to the directorship. The skills matrix, discussed below, is used to identify necessary qualifications of new nominees. Gender diversity of the Board is also a criterion in identifying potential candidates, as described further under the heading *Diversity* on page 44. Once identified, the CGN Committee puts forward recommendations to the Board as to the suitability of each candidate. Qualifying candidates are interviewed by members of the CGN Committee, and then by the Chair, President & CEO, and finally by the Board as a whole. The CGN Committee regularly assesses the skills, attributes, and experiences desirable in director nominees. The following table reflects the diverse skill set of the Board and identifies the specific experience and expertise brought by each individual director.

Skill/ Experience Area	Description	Kessler	Collins	Faber	Hess	Howe	Schwinn
Board & Governance	Governance and compliance; risk assessment and management; teamwork; devil's advocacy	•	•	•	•	•	•
Leadership	CEO and/or senior leadership experience; strategy/planning/corporate and business development focus	•	•	•	•	•	•
Industry Experience	Knowledge of upstream oil and gas; oilfield services and technology; customers; competitors; operational issues; regulatory frameworks	•	•	•	•	•	•
Financial Literacy	Accounting; corporate finance; M&A; tax; investor relations	•	•	•	•	•	•
Technology	Managing innovation and commercialization; R&D; intellectual property	•	•	•	•	•	•
Cybersecurity	Protection of internet-connected systems such as hardware, software and data from cyberthreats	•	•	•	•	•	•
Human Resources & Compensation	Objectives and incentives; succession planning; executive compensation; benefit programs; perquisites	•	•	•	•	•	•
International	Global operations; understanding of different cultural, political and regulatory requirements	•	•	•	•	•	•
Health, Safety, Environment & Social	Understanding of industry regulation, policy and stakeholder expectations related to workplace health and safety, environmental and social responsibility, including diversity and inclusion	•	•	•	•	•	•

- Expert or highly skilled in specific area
- Moderately skilled in specified area
- No skill in specific area

The CGN Committee continues to review the necessity of the skills and experiences listed above, in light of the Corporation's business and strategy, to ensure that sufficient directors possess those skills and experiences, and in the right combination, given the dynamics of the Board. The CGN Committee considers the six director nominees identified in this Information Circular to represent the appropriate mix at this stage in the Corporation's development, though it will continually reassess this as the business, industry, and economy change.

The CGN Committee periodically reviews the adequacy and form of director compensation to ensure that the level of compensation is appropriate given the responsibilities and risks involved in being an effective director and makes recommendations to the Board accordingly.

As noted under the heading *Director Assessments* below, the CGN Committee reviews the results of an annual survey of the Board to determine their individual and collective effectiveness and contribution to the Corporation.

## **HRC Committee**

The HRC Committee is responsible for reviewing, approving and overseeing Pason's compensation philosophy and programs for executives and employees. It is also tasked with evaluating the performance and recommending total compensation for the CEO and other executive officers. In addition, the HRC Committee is responsible for overseeing the Corporation's equity-based compensation plans, retirement plans, executive succession planning, executive stock ownership guidelines, compensation risk management and all the Corporation's other significant human resources policies, plans, principles, and practices to ensure they are designed to achieve the goals and objectives of the Corporation. The responsibilities of the HRC Committee are further described on page 19 under the heading *Human Resources and Compensation Committee*. The mandate of the HRC Committee of the Board is available on the Corporation's website at ([www.pason.com](http://www.pason.com)) in the Investors section (under Corporate Governance). The Corporation's annual compensation decision-making process, including the role of the HRC Committee, is set out on page 20 under the heading *Compensation Approval Process*.

## **Audit Committee**

The principal duties of the Audit Committee include overseeing financial statements and financial reporting of Pason and its subsidiaries; establishing appropriate accounting practices and internal controls; approving all audit and non-audit services provided by the independent auditor; consulting with the auditor independent of Management and overseeing the work of the independent auditor; ensuring compliance with regulatory and reporting requirements; directing the activities of the internal audit group; and overseeing the Company's cybersecurity and IT programs.

Information regarding the Audit Committee required by NI 52-110, including its composition and the relevant education and experience of its members, can be found in the section entitled "Audit Committee" in Pason's Annual Information Form. The mandate of the Audit Committee of the Board is available on the Corporation's website at ([www.pason.com](http://www.pason.com)) in the Investors section (under Corporate Governance).

## **Board Mandate, Committee Mandates and Position Descriptions**

The Board reviews its mandate annually and considers changes as appropriate. The Board mandate includes written position descriptions for the Chair of the Board and the Lead Director. Stand-alone position descriptions are also available for the CEO, the Chief Financial Officer and the Secretary. Position descriptions for the chair of each of the Audit Committee, the CGN Committee and the HRC Committee are incorporated in the respective mandates for each of these committees. These mandates and position descriptions are all available on the Corporation's website at [www.pason.com](http://www.pason.com) in the Investors section (under Corporate Governance).

## **Director Orientation and Continuing Education**

### **New Director Orientation**

A comprehensive on-boarding program, including one-on-one and group meetings with management and other Board members is provided for each new director.

Prior to being nominated by the Board to stand for election, each new director meets with current directors in one-on-one settings and with the Board as a group, to ensure the director has the required knowledge or skillset to benefit Pason's business and contribute to the effective oversight by the Board as a whole.

Upon appointment or election, each new director is given a comprehensive introduction package including the mandates of the Board and its committees and the position descriptions so that the new director understands the role of the Board, its committees and officers. New directors are also given access to all relevant background documents of Pason, including corporate policies, governance documents, corporate

records, and prior Board materials, including strategy documents. New directors are offered product demonstrations and hold meetings with various business unit managers, product managers, and R&D personnel as part of their on-boarding process.

## **Director Continuing Education**

Management promotes continuing education among its directors by encouraging them to attend seminars and conferences that contribute to a better understanding of their role as directors and Pason and its market. Comprehensive Board materials are provided to directors in advance of regularly scheduled meetings, which include prereading materials and background analysis. Pason holds a day-long annual strategy session for the Board, during which management conducts various presentations and workshops for the Board to dive deep into Pason's business and industry dynamics.

Management provides regular reports to the Board and its committees to educate the directors on business and industry issues faced by the Corporation. Management also provides regular presentations to the Board throughout the year to keep them informed of the Corporation's ongoing strategic planning process and certain key initiatives.

Board meetings are held both virtually and at the Corporation's offices in Calgary and Houston so the Board may tour the premises and meet with employees from time to time. Rig visits are occasionally arranged with the Corporation's employees so that directors may view installed and operational Pason products. Directors also regularly conduct field visits on their own to view Pason products, arranged through Pason or other affiliations.

## **Director Assessments**

The Board, its committees and individual directors are evaluated on their effectiveness and contribution to the Corporation through an annual assessment completed by each director of the Board. That review is designed to rate the Board's effectiveness by surveying a range of issues, including the efficacy of the Corporation's strategic planning process and monitoring thereof, the effectiveness of the Corporation's compliance and controls, the CEO's performance and the linkage to compensation, Board and committee succession planning, the appropriateness of the directors' level of engagement with management, the process for selection and evaluation of director candidates, committee structure and general Board practices. It includes a director peer evaluation, a self-evaluation, a review of the director skills matrix and questions about the effectiveness of the Board as a whole.

The skillset of each director is reviewed by the CGN Committee Chair and is discussed with individual directors, where appropriate, to consider each director's individual contributions and identify training and education opportunities. The full results of each assessment are reviewed by the CGN Committee and then presented to the Board for discussion, with further action taken to remedy outstanding concerns, if any.

## **Director Term Limits and Retirement**

Each director's term expires at the end of the next annual Meeting or when a successor is elected or appointed to the Board. The Board believes that director term limits help ensure ongoing Board renewal, sustain Board performance, and allow for the ongoing addition of expertise to the Board. Accordingly, the Board has adopted a Director Tenure Policy, whereby any non-executive director who joins the Board on or after August 10, 2021 may serve on the Board for a maximum period of 12 years after his or her initial election by shareholders or appointment by directors. The average tenure among Pason's six proposed nominees for election as directors is approximately 10 years and their average age is 61.

## **Executive Succession Planning**

The HRC Committee, together with the Board, oversees Pason's executive management talent development and succession plan. The HRC Committee reviews the succession plan each year and identifies near-term, mid-term, and longer-term potential replacements for each executive management position, including the CEO. The HRC Committee members have regular discussions with management relating to succession planning. Where required, a development plan is established for potential successors, which may include exposure to different areas of the Corporation, formal training, or other

career progression opportunities. The HRC Committee presents the succession plan to the Board annually for review and discussion.

Throughout the year, directors have an opportunity to informally evaluate the candidates through presentations made at regular Board meetings, the annual Board strategy session and social events. The directors believe they have a strong understanding of the Corporation's succession plan.

## **Environmental, Social and Governance (“ESG”) Responsibility**

Pason's governance framework, policies, and core values support its commitment to employee, customer and community needs; promote a culture of accountability and ethical conduct across the Corporation; and highlight Pason's commitment to address global challenges through its business practices. The Board oversees the Corporation's overall ESG strategy, while each of its standing committees provides oversight on key ESG matters.

### **Environmental Responsibility**

Pason is primarily involved in the development and deployment of hardware and software technology, and as such, its activities produce comparatively low greenhouse gas (GHG) emissions, pollution, or environmental waste. The Corporation has limited direct water use given it does not use water in any of its hardware or software development processes. Further, the majority of Pason's operations are conducted out of urban office space and as such have minimal land use or impact on local habitat. Notwithstanding, management and the Board recognize the importance of operating sustainably and with a view to minimizing negative environmental impacts.

Management and the Board determine and review the Corporation's overall strategy and performance at the Board's annual strategy session, which includes investments in product development and various elements related to Pason's ESG initiatives. Pason continues to develop products and technologies that improve the efficiency and effectiveness of drilling operations, which serves to reduce the carbon intensity of the overall hydrocarbon extraction process. Further, since 2016, Pason has been pursuing efforts in the solar and energy storage space, including the acquisition of Energy Toolbase in 2019.

### **Safety**

Pason's strong safety culture is founded on its values and underpins the Corporation's unwavering commitment to the safety of its workforce and protection of its assets. Pason works together to create a vigilant and resilient safety culture and strives for zero incidents and accidents. Pason continues to invest heavily in the safety and operational integrity of its systems. The Board has ultimate oversight over the development, implementation and monitoring of the Corporation's health, safety and environmental (“HSE”) policies and reviews the Corporation's HSE performance every quarter. The HRC Committee oversees the Corporation's performance against various HSE metrics incorporated into Pason's short-term incentive plan (“STIP”) scorecard.

### **Digital Security**

Pason's cyber risk oversight is conducted by the Board's Audit Committee. As part of the enterprise risk management program, the Audit Committee regularly reviews developments in the cybersecurity landscape and evaluates the digital security initiatives being taken to protect the security of the Corporation's and customers' data and the integrity of the Corporation's infrastructure and systems. Pason provides third-party assessments of its digital security to customers and regularly measures its digital security maturity against independent standards and recommendations.

### **Diversity**

The Board believes that a board made up of highly qualified directors from diverse backgrounds and who reflect the changing dynamics of the markets in which the Corporation operates, the talent available with the required expertise, and the Corporation's evolving customer and employee base, promotes better corporate governance.

To support this, the Board has adopted a Diversity Recruitment Policy, pursuant to which the CGN Committee will, when identifying candidates to recommend for appointment/election to the Board:

- (a) consider only candidates who are highly qualified based on their experience, functional expertise, and personal skills and qualities;
- (b) consider diversity criteria including gender, age, ethnicity, and geographic background; and
- (c) ensure that the CGN Committee, and any independent external search firm that it engages, considers a pool of candidates that meet the Board's skills and diversity criteria.

Pason is firmly committed to gender diversity and women represent 33% of the current Board and 50% of the independent directors.

Pason also promotes diversity in its workforce and is firmly committed to providing equal opportunity in all aspects of employment. The Board believes that diversity in the workplace leads to more innovative ideas and fosters a more productive work environment.

## **Ethical Business Conduct**

### *Code of Conduct and Ethics & Whistleblower Hotline*

Ethical behaviour is fundamental to the way Pason does business. As disclosed under *Corporate Governance Disclosure* on page 39, the Board has adopted the Code, which applies to directors, officers, employees, contractors and other stakeholders (including certain suppliers). The Code describes the Corporation's core values in areas including: human rights; discrimination and harassment; diversity; safety and health; conflicts of interest; confidentiality, disclosure and public communications; the protection and proper use of corporate assets; trading in securities; accuracy of recording and reporting; improper payments; honest and ethical conduct; competition and fair dealing; political activities and contributions; gifts and entertainment; and the environment and social responsibility. Certain conduct prohibited by the Code, such as corruption and bribery, are subject to additional sub-policies with their own guidelines and training to further ensure compliance.

The Code is supported by a compliance program, under which every Pason director, officer, employee and contractor must affirm that they have read, understood and will abide by the Code. Certain segments of the Corporation's workforce receive additional and targeted training in areas of risk that are more relevant to their work duties.

The Board has ultimate oversight of the implementation and enforcement of the Code through its various committees. Once per year, the CGN Committee reviews any updates recommended by management to the Code to ensure the Code reflects Pason's continued commitment to conducting business ethically, in accordance with applicable legal requirements and best practices.

In addition, the Code and the Corporation's other corporate policies encourage employees, contractors, officers and directors to report any potential or perceived contravention of the Code either directly to senior management or through Pason's "Ethics Hotline," without fear of retaliation. Pason strictly prohibits retaliation against any person by another employee, or by the Corporation, for reporting conduct that is perceived in good faith to be contrary to the Code. Actions are considered retaliatory if they have a materially adverse effect on the working or other conditions of the employee making a complaint or report.

Pason's Ethics Hotline is operated by an independent third party that notifies the Vice President, Legal and Audit Committee Chair immediately upon receiving an anonymous complaint about any suspected unethical conduct or breach of Pason's policies. The Vice President, Legal, in conjunction with other members of senior management, is tasked with handling inquiries and complaints, investigating violations, and providing quarterly reports to the Board on all matters related to the Code.

No material change reports were filed since the beginning of 2014 that pertain to any conduct of a director or officer that constitutes a departure from the Code.

### *Conflicts of Interest*

Where the personal or business relationships or interests of directors may conflict with those of the Corporation, directors are required to disclose in writing to the Vice President, Legal or verbally at a Board

meeting the nature and extent of the conflict of interest. In the event of a *bona fide* conflict of interest, a director will declare that conflict, will not participate in that part of the meeting in which the matter is discussed, and must abstain from voting on the matter. Pason's employees are also required to disclose any actual or potential conflicts of interest. The conflicts disclosed are reviewed by Pason's legal, internal audit and human resources departments, as applicable.

# Availability of Certain Documents and Additional Information

## Availability of Certain Documents

Under the policies adopted by the Canadian Securities Administrators, a person or company who wishes to receive interim financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or company is the owner of securities of the Corporation. The Corporation's policy is to provide interim financial statements to registered Shareholders; however, non-registered Shareholders who wish to receive interim financial statements are encouraged to send the enclosed return form in the addressed envelope provided to the Corporation's Transfer Agent, ComputerShare Trust Company of Canada. The Corporation will maintain a supplemental list of persons and companies wishing to receive interim financial statements.

## Normal Course Issuer Bid (NCIB)

In 2021, the Corporation renewed the existing NCIB, for a period commencing on December 20, 2021, and expiring on December 19, 2022. Under the new NCIB, the Corporation may purchase for cancellation, from time-to-time, as the Corporation considers advisable, up to a maximum of 7,131,543 Shares, which represents 10% of the applicable public float.

The actual number of Shares that may be purchased for cancellation and the timing of any such purchases will be determined by the Corporation, subject to a maximum daily purchase limitation of 52,510 Shares. The Corporation may make one block purchase per calendar week which exceeds the daily purchase restriction.

For the year ended December 31, 2021, the Corporation purchased 910,979 Shares for cancellation, for a total cash consideration of \$8,432,000. Additional information on the Corporation's NCIB is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Additional Information

Additional information related to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is contained in the Corporation's comparative audited consolidated financial statements and MD&A for the years ended December 31, 2021 and 2020, which are included in the Corporation's Annual Report for the year ended December 31, 2021.

The Corporation will provide to any person or company, upon request to the CFO or Corporate Secretary of the Corporation:

- One copy of the Corporation's latest Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference; and
- One copy of comparative financial statements of the Corporation for the Corporation's most recently completed financial year, together with the accompanying report of the auditor thereon and the MD&A, and one copy of any interim financial statements, including the MD&A of the Corporation subsequent to the financial statements for its most recently completed financial year.

Any request for documents referred to above should be made to the Corporate Secretary or CFO of Pason Systems Inc. at 6130 Third Street SE, Calgary, Alberta, T2H 1K4 or by faxing a request to 403-301-3499.

Dated March 16, 2022.



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