



# MANAGEMENT INFORMATION CIRCULAR

DATED MARCH 15, 2023  
ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 4, 2023

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# PASON SYSTEMS INC.

## Notice of Annual and Special Meeting of Shareholders

### Date and Time

Thursday, May 4, 2023 at 3:30 p.m. (MDT)

### Location

The Meeting will be conducted via live audio webcast at [meetnow.global/MHYDARW](https://meetnow.global/MHYDARW). Additional details on how to access and login to the Meeting will be provided on the Pason Systems Inc. ("Pason") website at [www.pason.com](http://www.pason.com) in the Investors section (under Annual Filings and Annual General Meeting Materials).

### Items of Business

The following items of business will be addressed at the Annual and Special Meeting of Shareholders (the "Meeting"):

1. To receive and consider the audited consolidated financial statements of Pason for the year ended December 31, 2022 (the "Financial Statements") and the auditors' report thereon;
2. To fix the number of directors to be elected at the Meeting at six;
3. To elect six directors for the ensuing year;
4. To appoint auditors for the 2023 fiscal year and authorize the board of directors (the "Board") to fix their remuneration;
5. To conduct a non-binding "say on pay" advisory vote on Pason's approach to executive compensation;
6. To approve an ordinary resolution approving, ratifying and confirming the adoption of Pason's second amended and restated By-Law No. 1, which was authorized by the Board on November 2, 2022; and
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

### Record Date

Registered holders ("Shareholders") of Pason's common shares ("Common Shares") at the close of business on March 15, 2023 (the "Record Date") will be entitled to receive notice of and vote at the Meeting or any adjournment(s) thereof. If a Shareholder acquires Common Shares after the Record Date and wishes to vote at the Meeting, the Shareholder must produce properly endorsed certificates evidencing their Common Shares or otherwise establish that the Shareholder owns Common Shares and request at any time before the Meeting that such Shareholder's name be included in the list of Shareholders entitled to vote at 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 15, 2023 in respect of the Meeting, and Pason's Financial Statements, 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)) in the Investors section (under Annual Filings and Annual General Meeting Materials) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)). Shareholders are encouraged to review the Meeting Materials prior to voting.

## Voting

It is important to Pason that Shareholders exercise their votes. As such, whether or not a Shareholder plans to attend the Meeting, they are encouraged to vote in accordance with the instructions on the form of proxy or voting instruction form. Even if a Shareholder plans to attend the Meeting, the Shareholder may still vote via proxy/phone/internet. **In order to be valid and acted upon at the Meeting, instruments of proxy must be received by ComputerShare Trust Company of Canada, at 100 University Avenue, Eighth Floor, Toronto, Ontario, M5J 2Y1, not later than 3:30 p.m. (MDT) on May 2, 2023**, or if the Meeting is adjourned or postponed, 48 hours prior to such adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays) (the “voting deadline”). Registered Shareholders voting or appointing a proxy by Internet or phone must submit those instructions by that same voting deadline.

Further instructions with respect to attending the Meeting virtually or voting by proxy are provided in the instrument of proxy and the Circular.

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

By order of the Board.

A handwritten signature in black ink, appearing to read "Jon Faber", written in a cursive style.

Jon Faber, President & Chief Executive Officer  
March 15, 2023, in Calgary, Alberta

# About this Circular and Related Proxy Materials

**Management Information Circular dated March 15, 2023, for the Annual and Special Meeting of Shareholders to be held on Thursday, May 4, 2023**

## 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 and Special 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 15, 2023, and amounts are expressed in Canadian dollars.

### When and Where is the Meeting?

The Meeting is being held on Thursday, May 4, 2023 at 3:30 p.m. (MDT) and will be conducted via live audio webcast at [meetnow.global/MHYDARW](https://meetnow.global/MHYDARW). 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) in the Investors section (under Annual Filings and Annual General Meeting Materials). **We recommend that you log in to the webcast at least fifteen minutes before the time of the virtual Meeting.**

### Items of Business

At the Meeting, Pason's 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 2023 and authorize Pason's board of directors ("Board") to fix their remuneration;
4. Conduct a non-binding "say on pay" advisory vote on Pason's approach to executive compensation; and
5. Approve an ordinary resolution approving, ratifying and confirming the adoption of Pason's second amended and restated By-Law No. 1, which was authorized by the Board on November 2, 2022.

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 relying on 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 Pason's website ([www.pason.com](http://www.pason.com)) in the Investors section (under Annual Filings and Annual General Meeting Materials) and under Pason's profile 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. (MDT) on April 20, 2023 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 15, 2023 (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. (MDT) on May 2, 2023,** 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 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 15, 2023, there were 81,222,993 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 15, 2023.

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

Pason's Second Amended and Restated By-Law Number 1 (the "By-Law") 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-Law will be eligible for election as directors of the Corporation. A copy of Pason's By-Law is available for review on Pason's website ([www.pason.com](http://www.pason.com)) in the Investors section (under Corporate Governance) and filed on SEDAR ([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 21.

## **Business of the Meeting**

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

The Board has approved all of the information in the 2022 Annual Report, including the 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)) in the Investors section. 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 seven directors, six 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
- Ken Mullen
- Laura L. Schwinn

Jim Howe is not seeking re-election to the Board of Directors and will retire from the Board effective at the end of the Meeting.

Detailed information about these nominees can be found in this Information Circular under the heading *Information on Director Nominees* on page 13. 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           | Ken Mullen <sup>(1)</sup> | Laura L. Schwinn       |
|----------|------------------------|------------------------|------------------------|------------------------|---------------------------|------------------------|
| 2022     | 63,005,529<br>(96.31%) | 61,008,295<br>(93.26%) | 64,693,482<br>(98.89%) | 60,620,607<br>(92.67%) | n/a                       | 62,593,306<br>(95.68%) |
| 2021     | 60,010,956<br>(97.66%) | 61,216,997<br>(99.62%) | 61,434,423<br>(99.98%) | 60,045,188<br>(97.72%) | n/a                       | 59,859,158<br>(97.41%) |
| 2020     | 75,016,310<br>(99.06%) | 75,559,280<br>(99.78%) | n/a                    | 75,514,944<br>(99.72%) | n/a                       | 75,572,949<br>(99.80%) |

<sup>(1)</sup> Ken Mullen was appointed by the Board as a director on January 9, 2023.

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 16.

## Appointment of Auditors

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

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, in respect of the last three years:

| Service                                                                                      | 2022             | 2021             | 2020             |
|----------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| <b>Audit fees</b>                                                                            | \$262,500        | \$254,800        | \$262,500        |
| <b>Audit-related fees</b> (for assurance services related to review of financial statements) | \$42,500         | \$44,700         | \$37,800         |
| <b>Tax fees</b> (for tax compliance, advice, and planning)                                   | \$149,944        | \$149,122        | \$161,838        |
| <b>All other fees</b> (for services that do not fall under the previous categories)          | \$3,200          | \$9,500          | -                |
| <b>Total</b>                                                                                 | <b>\$458,144</b> | <b>\$458,122</b> | <b>\$462,138</b> |

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 | 2022   | 2021   | 2020   |
|-----------------|--------|--------|--------|
| Vote in favour  | 94.25% | 96.97% | 96.83% |

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 15, 2023, and delivered in advance of the 2023 Annual and Special 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.**

## **Approval of Second Amended and Restated By-Law No. 1**

On November 2, 2022, the Board approved the adoption by the Corporation of a second amended and restated By-Law No. 1, (the "New By-Law"). The full text of the New By-Law is attached hereto as Appendix "A".

### **Summary of Revisions**

Among other things, the New By-Law reflects recent amendments to the *Business Corporations Act* (Alberta) (the "ABCA") that have been implemented since the Corporation's previous by-law was adopted in 2014. In particular, the New By-Law contains the following updates:

1. Quorum for Directors Meetings: Updates the language to remove the Canadian residency requirement for directors in accordance with recent amendments to the ABCA.
2. Director Indemnity: Adds additional language protecting directors in the event of their involvement in any civil, criminal, administrative, investigative or other action or proceeding, even if not formally named as a party, to align with the language in the ABCA.

### **Confirmation and Approval of New By-Law by Shareholders**

The Corporation is seeking the confirmation and approval of the adoption of the New By-Law by the Shareholders at the Meeting, as set forth more fully below. Although the adoption of the New By-Law was effective on approval by the Board, it is subject to Shareholder confirmation at the Meeting. If the New By-Law is confirmed by the Shareholders at the Meeting, it will continue in effect. If the New By-Law is rejected by the Shareholders at the Meeting, it will cease to be in effect from the date of the Meeting. A copy of the New By-Law has been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Corporation's profile and is available on Pason's website ([www.pason.com](http://www.pason.com)) in the Investors section (under Corporate Governance).

At the Meeting, Shareholders will be asked to approve the following by ordinary resolution:

“BE IT RESOLVED as an ordinary resolution of the Shareholders that:

1. The second amended and restated By-Law No. 1 (the “New By-Law”) of the Corporation as described in the management information circular of the Corporation dated March 15, 2023, is hereby adopted and confirmed.
2. The Board be and is authorized to make any changes to the New By-Law if required by any such stock exchange or market upon which the common shares of the Corporation may be listed from time to time.
3. Any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to execute, under the corporate seal of the Corporation or otherwise, deliver and file, for and on behalf of the Corporation, all documents and instruments and take such other actions as such director or officer may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of such actions.”

Unless contrary instructions are indicated on the instrument of proxy or the voting instruction form, the persons designated in the accompanying instrument of proxy or voting instruction form intend to vote FOR the ordinary resolution to adopt and confirm the New By-Law.

### **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 15, 2023, those being corporate records, public records, and information provided by each nominee.

### Director Profiles

#### MARCEL KESSLER

**Marcel Kessler** was appointed as non-executive Chair of the Board in 2020 and was President and Chief Executive Officer of Pason from 2011 to 2020. Mr. Kessler is the Chief Executive Officer and President of GrafTech International Ltd., a publicly traded leading manufacturer of high-quality graphite electrode products essential to the production of electric arc furnace steel and other ferrous and non-ferrous metals. Before joining Pason in 2011, Mr. Kessler was President, North America, of Exploration Logistics Group, an assistance, medical, safety and security solutions provider, President and Chief Executive Officer of CCR Technologies, a provider of solvent reclaiming services, and a Partner at McKinsey & Company, a management consulting firm. He holds a Masters in Engineering with Distinction from the Swiss Federal Institute of Technology and a Masters in Finance from the London Business School. 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.



Non-Executive Chair of the Board

Director since: 2012

Non-Independent

Age: 56

Victoria, British Columbia, Canada

#### Pason Securities Held

| Shares <sup>(1)</sup> | DSUs <sup>(2)</sup> | Total Shareholdings <sup>(3)</sup> |
|-----------------------|---------------------|------------------------------------|
| 65,000                | 23,588              | \$1,077,230                        |

| Board and Committees | 2022 Meetings | Total 2022 Attendance | Value of Total 2022 Compensation <sup>(4)</sup> |
|----------------------|---------------|-----------------------|-------------------------------------------------|
| Board of Directors   | 6/6           | 100%                  | \$235,817                                       |

**Expertise:** Board & Governance, 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 |
|-----------------------------|-----------|-----------|
| GrafTech International Ltd. | NYSE: EAF | Board     |

## T. JAY COLLINS

**Jay Collins** has been a director of Oceaneering International, Inc. since 2002 and is now serving as its Chair. He previously served as Chief Executive Officer of Oceaneering 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. Mr. Collins holds a Master of Business Administration from Harvard Graduate School of Business and Bachelor of Arts and Master of Engineering in Chemical Engineering from Rice University.



Compensation  
Committee Chair

Director since: 2012

Independent

Age: 76

Houston, Texas, USA

### Pason Securities Held

| Shares <sup>(1)</sup> | DSUs <sup>(2)</sup> | Total Shareholdings <sup>(3)</sup> |
|-----------------------|---------------------|------------------------------------|
| -                     | 116,764             | \$1,419,850                        |

| Board and Committees        | 2022 Meetings | Total 2022 Attendance | Value of Total 2022 Compensation <sup>(4)</sup> |
|-----------------------------|---------------|-----------------------|-------------------------------------------------|
| Board of Directors          | 6/6           | 100%                  | \$251,385                                       |
| HR & Compensation Committee | 2/2           |                       |                                                 |
| 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; 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: 44

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                | 38,811              | 47,965              | \$1,565,916                           |

| Board and Committees | 2022 Meetings | Total 2022 Attendance | Value of Total 2022 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 nearly 40 years of combined operational technology and information technology experience to Pason's Board. She is currently the Vice-Chair of the board of Copperleaf Technologies, Inc., a publicly traded provider of analytics software solutions, and served as its Chief Executive Officer from 2009 to 2022. 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 from 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: 64

Vancouver, B.C., Canada

### Pason Securities Held

| Shares <sup>(1)</sup> | DSUs <sup>(2)</sup> | Total Shareholdings <sup>(3)</sup> |
|-----------------------|---------------------|------------------------------------|
| -                     | 97,097              | \$1,180,700                        |

| Board and Committees                         | 2022 Meetings | Total 2022 Attendance | Value of Total 2022 Compensation <sup>(4)</sup> |
|----------------------------------------------|---------------|-----------------------|-------------------------------------------------|
| Board of Directors                           | 6/6           | 100%                  | \$240,363                                       |
| Corporate Governance & Nominations Committee | 4/4           |                       |                                                 |
| Audit Committee                              | 4/4           |                       |                                                 |
| HR & Compensation Committee                  | 2/2           |                       |                                                 |

**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 | Board     |

## KEN MULLEN

**Ken Mullen** has over 25 years of experience holding various executive and director positions with public and private energy and energy services companies. He was appointed to Pason's Board as a director on January 9, 2023. Ken is currently engaged as a dealing representative with Barometer Capital Management Inc. and was previously a co-founder and President & CEO of Savanna Energy Services Corp. Prior to this, he was President & CEO of Plains Energy Services Ltd. He currently serves on the board of Total Energy Services Inc. Mr. Mullen received his Bachelor of Commerce and Bachelor of Laws degrees from the University of Calgary and holds Chartered Accountant and Institute of Corporate Directors designations.<sup>(6)</sup>



Audit Committee Chair

Director since: 2023

Independent

Age: 61

Calgary, Alberta, Canada

### Pason Securities Held

| Shares <sup>(1)</sup> | DSUs <sup>(2)</sup> | Total Shareholdings <sup>(3)</sup> |
|-----------------------|---------------------|------------------------------------|
| 2,000                 | -                   | \$24,320                           |

| Board and Committees                         | 2022 Meetings | Total 2022 Attendance | Value of Total 2022 Compensation <sup>(4)</sup> |
|----------------------------------------------|---------------|-----------------------|-------------------------------------------------|
| Board of Directors                           | n/a           | n/a                   | n/a                                             |
| Corporate Governance & Nominations Committee | n/a           |                       |                                                 |
| Audit Committee                              | n/a           |                       |                                                 |

**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 |
|----------------------------|----------|-----------|
| Total Energy Services Inc. | TSX: TOT | Board     |

## 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.



Lead Director, Corporate Governance & Nomination Committee Chair

Director since: 2019

Independent

Age: 58

Fulton, Maryland, USA

### Pason Securities Held

| Shares <sup>(1)</sup> | DSUs <sup>(2)</sup> | Total Shareholdings <sup>(3)</sup> |
|-----------------------|---------------------|------------------------------------|
| -                     | 34,449              | \$418,900                          |

| Board and Committees                         | 2022 Meetings | Total 2022 Attendance | Value of Total 2022 Compensation <sup>(4)</sup> |
|----------------------------------------------|---------------|-----------------------|-------------------------------------------------|
| Board of Directors                           | 6/6           | 100%                  | \$222,210                                       |
| Corporate Governance & Nominations Committee | 4/4           |                       |                                                 |
| HR & Compensation Committee                  | 2/2           |                       |                                                 |

**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 17 under the heading Director Compensation for a description of DSUs. See page 28 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 15, 2023, 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 15, 2023, by the closing price of the Shares on the Toronto Stock Exchange ("TSX") on March 15, 2023 (\$12.16).
- (4) The Value of Total 2022 Compensation includes DSUs awarded and dividend equivalents credited to DSU accounts in 2022 (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 19. For further information regarding the director's total compensation see *Director Compensation* on page 17.
- (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 32. As a member of management, Jon Faber did not receive compensation for his service as director of the Corporation in 2022. Only Shares and DSUs count towards fulfillment of Director Share Ownership Guidelines.
- (6) Ken Mullen was appointed by the Board as a director on January 9, 2023 and did not attend any Board or committee meetings nor receive any compensation in 2022.

## 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 21 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 the fiscal year ended December 31, 2022.

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

<sup>(1)</sup> The number of DSUs that were awarded to the directors for 2022 service and credited to the directors' accounts in quarterly installments at the end of each quarter in 2022 was 2,351, 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, 2021 (\$10.63).

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

<sup>(3)</sup> Marcel Kessler elected not to receive the additional board retainer of \$45,000 in 2022.

<sup>(4)</sup> Directors are only eligible for one retainer in addition to the Annual Board Retainer, regardless of the number of roles in which they serve, whether as Chair of the Board, chair of a committee or Lead Director. They will be paid the highest of the additional retainer amounts for which they are eligible. For example, James B. Howe, who is not standing for re-election in 2023, was paid a total of \$25,000 for his service as both Lead Director and Audit Committee chair in 2022.

## 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 30.

### **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*, starting on page 41 of this Information Circular.

## Non-Management Director Compensation Table

The table below sets out the compensation paid and awarded to non-management directors for the fiscal year ended December 31, 2022.

| Name <sup>(1)</sup>           | Fees Paid in Cash <sup>(2)</sup> | Fees Paid in DSUs <sup>(3)</sup> | Total Compensation |
|-------------------------------|----------------------------------|----------------------------------|--------------------|
| Marcel Kessler <sup>(4)</sup> | \$90,500                         | \$145,317                        | \$235,817          |
| T. Jay Collins                | -                                | \$251,385                        | \$251,385          |
| Judi M. Hess                  | -                                | \$240,363                        | \$240,363          |
| James B. Howe                 | \$91,000                         | \$157,000                        | \$248,000          |
| Laura L. Schwinn              | \$73,000                         | \$149,210                        | \$222,210          |

<sup>(1)</sup> Ken Mullen has been excluded from this table as he joined the Board in 2023.

<sup>(2)</sup> 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 2022.

<sup>(3)</sup> 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, 2021 for Board service in 2022, and were credited to each director's account in installments on the last day of March, June, September, and December 2022. 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 2022 service is disclosed under the heading *Annual Cash and Equity-Based Retainers and Meeting Fees* on page 17. Furthermore, the value identified in the table above includes DSUs credited to director accounts who elected to receive 2022 retainer and/or meeting fees in DSUs.

<sup>(4)</sup> Marcel Kessler elected not to receive the additional board retainer of \$45,000 in 2022.

## Outstanding Share-Based Awards

The following table summarizes the outstanding DSUs held by non-management directors as at December 31, 2022.

| Name <sup>(1)</sup> | Share-Based Awards – DSUs                                      |                                                                        |                                  |                                                                      |                                                                              |                                        |
|---------------------|----------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------|
|                     | Number of DSUs awarded and credited to accounts <sup>(2)</sup> | Number of DSUs awarded but not yet credited to accounts <sup>(3)</sup> | Total number of DSUs outstanding | Payout value of DSUs awarded and credited to accounts <sup>(4)</sup> | Payout value of DSUs awarded but not yet credited to accounts <sup>(5)</sup> | Total payout value of DSUs outstanding |
| Marcel Kessler      | 23,588                                                         | 6,220                                                                  | 29,808                           | \$375,993                                                            | \$99,147                                                                     | \$475,140                              |
| T. Jay Collins      | 116,764                                                        | 6,220                                                                  | 122,984                          | \$1,861,218                                                          | \$99,147                                                                     | \$1,960,365                            |
| Judi M. Hess        | 97,097                                                         | 6,220                                                                  | 103,317                          | \$1,547,726                                                          | \$99,147                                                                     | \$1,646,873                            |
| James B. Howe       | 56,224                                                         | 6,220                                                                  | 62,444                           | \$896,211                                                            | \$99,147                                                                     | \$995,358                              |
| Laura L. Schwinn    | 34,449                                                         | 6,220                                                                  | 40,669                           | \$549,117                                                            | \$99,147                                                                     | \$648,264                              |

<sup>(1)</sup> Ken Mullen has been excluded from this table as he joined the Board in 2023.

<sup>(2)</sup> Represents total number of DSUs credited to the directors' accounts as at December 31, 2022.

<sup>(3)</sup> Represents DSUs awarded to directors on November 30, 2022 for their service in 2023. DSUs awarded on November 30, 2022 will be credited to each director's account at the end of each financial quarter in 2023, 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.

<sup>(4)</sup> Calculated based on the market price of the Shares at December 30, 2022 (\$15.94) multiplied by the total number of DSUs credited to the directors' accounts at December 31, 2022. 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 17.

<sup>(5)</sup> Calculated based on the market price of the Shares at December 30, 2022 (\$15.94) multiplied by the number of DSUs that were awarded to directors on November 30, 2022, but have not yet been credited to the directors' accounts on December 31, 2022. 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 2023, for those who have elected as such. The amount also excludes dividend equivalents that may be credited on such amounts in 2023.

## 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 DSUs or Shares of a minimum aggregate value of three times the annual fixed compensation paid to such director. 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 have met these ownership guidelines.

The following table shows the shareholdings of, and DSUs credited to, each director as at December 31, 2022, valued at \$15.94, which is the closing price of the Shares on the TSX on December 30, 2022.

| Name <sup>(1)</sup> | Number of Shares Owned | Number of DSUs Credited | Market Value of Shares Owned and DSUs Credited | Annual Fixed Compensation for 2022 <sup>(2)</sup> | Target Ownership (3x Annual Fixed Compensation) | Target Met |
|---------------------|------------------------|-------------------------|------------------------------------------------|---------------------------------------------------|-------------------------------------------------|------------|
| Marcel Kessler      | 65,000                 | 23,588                  | \$1,412,093                                    | \$180,000 <sup>(3)</sup>                          | \$540,000                                       | ✓          |
| T. Jay Collins      | -                      | 116,764                 | \$1,861,218                                    | \$155,000                                         | \$465,000                                       | ✓          |
| Judi M. Hess        | -                      | 97,097                  | \$1,547,726                                    | \$145,000                                         | \$435,000                                       | ✓          |
| James B. Howe       | 347,000                | 56,224                  | \$6,427,391                                    | \$170,000                                         | \$510,000                                       | ✓          |
| Laura L. Schwinn    | -                      | 34,449                  | \$549,117                                      | \$155,000                                         | \$465,000                                       | ✓          |

<sup>(1)</sup> Jon Faber is excluded from this table, as management directors are subject to the higher requirements of the *Executive Share Ownership Guidelines* described under the heading *Equity Compensation Plan Information* on page 30. Ken Mullen has also been excluded as he joined the Board in 2023.

<sup>(2)</sup> For purposes of the Director Share Ownership Guidelines, 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.

<sup>(3)</sup> This amount does not include the additional board retainer of \$45,000, which Marcel Kessler elected not to receive 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, 2022. Pason's NEOs for 2022 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 Profiles*, on page 13. Additional information regarding the independent status of each Board member is provided under the heading, *Corporate Governance*, on page 41.

## 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 2022, 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:

|                                     | 2022     | 2021     |
|-------------------------------------|----------|----------|
| Executive compensation-related fees | -        | -        |
| Other fees <sup>(1)</sup>           | \$27,119 | \$13,675 |
| Total fees                          | \$27,119 | \$13,675 |

<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.<br>(TSX: CFW)               | Cactus, Inc.<br>(NYSE: WHD)                       |
| CES Energy Solutions Corp.<br>(TSX: CEU)               | Dril-Quip, Inc.<br>(NYSE: DRQ)                    |
| Enerflex Ltd.<br>(TSX: EFX)                            | Forum Energy Technologies, Inc.<br>(NYSE: FET)    |
| Ensign Energy Services Inc.<br>(TSX: ESI)              | Helix Energy Solutions Group, Inc.<br>(NYSE: HLX) |
| Precision Drilling Corporation<br>(TSX: PD, NYSE: PDS) | Oceaneering International Ltd.<br>(NYSE: OII)     |
| Secure Energy Services Inc.<br>(TSX: SES)              | Oil States International Inc.<br>(NYSE: OIS)      |
| ShawCor<br>(TSX: SCL)                                  |                                                   |
| Trican Well Services Ltd.<br>(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 28) performance is measured against two indices: the SPTTEN (S&P/TSX Capped Energy Index) and the OSX (PHLX Oilfield Services Sector Index). The SPTTEN index is currently comprised of 29 Canadian energy companies. The OSX index is currently comprised of 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 currently comprised of 235 Canadian companies. Additional information regarding the Corporation's PSU Plan can be found under the heading, *Performance Share Unit (PSU) Plan*, on page 28.

### 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 believe 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.

### Executive Officer Clawback Policy

In 2023, the Board adopted a Clawback Policy which allows the Board, in its discretion, to require reimbursement of all or a portion of any incentive-based compensation approved, granted or awarded to an executive officer, the amount of which is based or contingent, in whole or in part, on the achievement of a financial measure or measures that were subsequently the subject of, or affected by, a restatement of all or a portion of Pason's financial statements, where the amount of the award would have been lower than the amount actually awarded. For the purposes of the Clawback Policy, "executive officer" means any executive officer, and includes any president, chief executive officer, chief financial officer, or vice president of Pason.

## 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><br>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                                                                                                                                  |

<sup>(1)</sup> This is a discretionary cash bonus program and is further described below under the heading *Variable Compensation* on page 26.

<sup>(2)</sup> The PSU plan is further described under the heading *Performance Share Unit (PSU) Plan* on page 28.

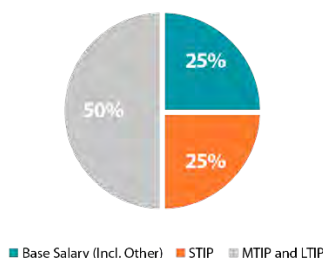
<sup>(3)</sup> The RSU plan is further described under the heading *Restricted Share Unit (RSU) Plan* on page 28.

<sup>(4)</sup> The stock option plan is further described under the heading *Long-Term Incentives* on page 29.

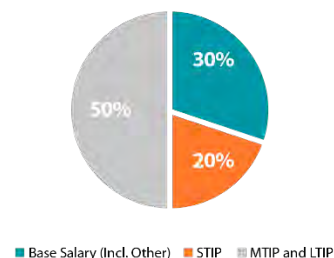
## Compensation Mix

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 2022 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 Unit (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 35.

## 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 described in the table below:

| Corporate Performance Measures                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. |
| 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.                                                                                                                                                                                                                                                     |
| 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).                                                                                                                                                                                                                                                         |
| 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).                                                                                                                                                                                                                                     |
| Environmental, Social and Governance ("ESG") performance | Given Pason's business model, cybersecurity has been deemed a significant focus area for the Company's ESG strategy. As a result, this measure references the security rating for Pason, as determined by Bitsight, an independent third-party cybersecurity ratings company. Ratings of 640-739 indicate intermediate mitigation, while ratings of 740-900 indicate advanced mitigation.                                                                                                     |

<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.

The HRC Committee reviews and approves the outcomes required for threshold, target and maximum performance scores for each of these corporate performance measures. Performance scores for each measure can range from 0% to 175%, resulting in a total bonus multiplier that can range from 0% to 150%.

The corporate performance measures and their targets are reviewed and approved by the HRC Committee each year for appropriateness. Bonus payments are subject to review and approval of Pason's year-end audited financial statements by the Board before payment.

The consolidated bonus multiplier for the fiscal year ended December 31, 2022 was 148%, reflecting Pason's strong financial and operational performance during the year. Pason's target performance scores and actual results for the fiscal year ended December 31, 2022 are set out below:

| Corporate Performance Measures |               |                 |
|--------------------------------|---------------|-----------------|
|                                | Target        | Result          |
| Adjusted EBITDA                | \$100 million | \$159.5 million |
| Revenue per Industry Day       | \$775         | \$853           |
| Return on invested capital     | 16%           | 66%             |
| Days Sales Outstanding         | 80 days       | 73 days         |
| Safety performance – TRIR      | 0.70          | 0.27            |
| Safety process                 | 90%           | 98%             |
| Cybersecurity                  | 740           | 730             |
| <b>2022 Bonus Multiplier</b>   |               | <b>148%</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 unmaturing 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.

### PSUs Granted Before 2020

The following metrics were used to calculate 2022 payouts related to PSUs granted in 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 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 unmaturing 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 2022 related to PSUs granted in 2020, 2021 or 2022. Payouts related to the 2020 PSU grant will be made in 2023, unless vesting is otherwise partially or fully accelerated under the terms of the 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.

### Dilution

The following table shows the historical rate of dilution of the Corporation's float of Shares that would be caused by the exercise of all stock options outstanding during the year indicated. As outlined in the table below, the potential dilution rate since 2018 has been between 3.3% and 6.5%.

| Historical Dilution                             | Dec 2018 | Dec 2019 | Dec 2020 | Dec 2021 | Dec 2022 |
|-------------------------------------------------|----------|----------|----------|----------|----------|
| Shares outstanding, end of period (# in 000's)  | 85,703   | 84,443   | 83,089   | 82,194   | 81,527   |
| Options outstanding, end of period (# in 000's) | 5,534    | 5,111    | 4,278    | 3,325    | 2,665    |
| Options outstanding as a % of Shares            | 6.46     | 6.05     | 5.15     | 4.05     | 3.27     |

As at March 15, 2023, there were 81,222,993 Shares outstanding and 2,630,782 options to purchase Shares (equal to 3.24% 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 3,054,827 options available for grant as at March 15, 2023. In 2022, 281,002 of new stock

options issued were awarded to NEOs, and the remaining 361,188 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> |
|------|-----------------------------------------|-----------------------------------------------------------------------------------------------|
| 2022 | 0.8%                                    | 0.8%                                                                                          |
| 2021 | 0.7%                                    | 0.1%                                                                                          |
| 2020 | 0.8%                                    | 0.0%                                                                                          |

(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 29), 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, 2022.

| 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     | 2,665,121                                                          | \$14.31                                                | 3,041,766                                                                                                                                 |
| Equity compensation plans not approved by Shareholders | -                                                                  | -                                                      | -                                                                                                                                         |
| <b>Total</b>                                           | <b>2,665,121</b>                                                   | <b>\$14.31</b>                                         | <b>3,041,766</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 35.

## 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 15, 2023, valued at \$12.16, which is the closing price of the Shares on the TSX on March 15, 2023.

| Name                                                   | Number of Shares Owned | Number of Unvested RSUs | Number of DSUs Credited | Total Market Value of Shares Owned, Unvested RSUs and DSUs Credited | Annual Base Salary for 2022 | Target Ownership | Target Met |
|--------------------------------------------------------|------------------------|-------------------------|-------------------------|---------------------------------------------------------------------|-----------------------------|------------------|------------|
| <b>Jon Faber</b><br>President & CEO                    | 42,000                 | 38,811                  | 47,965                  | \$1,565,916                                                         | \$465,000                   | \$1,395,000      | ✓          |
| <b>Celine Boston</b><br>CFO                            | 1,893                  | 35,569                  | -                       | \$455,538                                                           | \$284,000                   | \$284,000        | ✓          |
| <b>Kevin Boston<sup>(1)</sup></b><br>VP Commercial     | 14,000                 | 40,960                  | -                       | \$668,314                                                           | \$325,395                   | \$325,395        | ✓          |
| <b>Bryce McLean</b><br>VP Operations                   | 7,263                  | 35,569                  | -                       | \$520,837                                                           | \$284,000                   | \$284,000        | ✓          |
| <b>Russell Smith<sup>(1)</sup></b><br>VP International | 14,790                 | 40,960                  | -                       | \$677,920                                                           | \$325,395                   | \$325,395        | ✓          |

<sup>(1)</sup> Kevin Boston and Russell Smith are paid in US dollars. Annual base salary for 2022 has been converted from USD at 1.30158

## 2022 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 21.

## 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 the 2022 calendar year, with specific highlights including:

1. Ensured operational effectiveness in the midst of a 48% increase in North American industry activity with pervasive global supply chain challenges;
2. Maintained North American market share at the highest level in Pason's history and grew North American Revenue per Industry Day by 14% to reach a new record high;
3. Continued to increase the adoption of data delivery services and additional integrations of the Drilling Advisory System (DAS);
4. Increased Adjusted EBITDA by 120% on a 62% increase in consolidated revenue, generating incremental Adjusted EBITDA margins of 68%<sup>(1)</sup>;
5. Generated Free Cash Flow of \$70 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 and short-term investments of \$172 million;
7. Returned \$43 million to shareholders through dividends and Share repurchases;
8. Ensured strong safety performance with a corporate TRIR of 0.27; and
9. Released Pason's inaugural sustainability report highlighting specific achievements and focus areas.

Through the COVID-19 pandemic, Pason 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 2022.

## Performance Graph

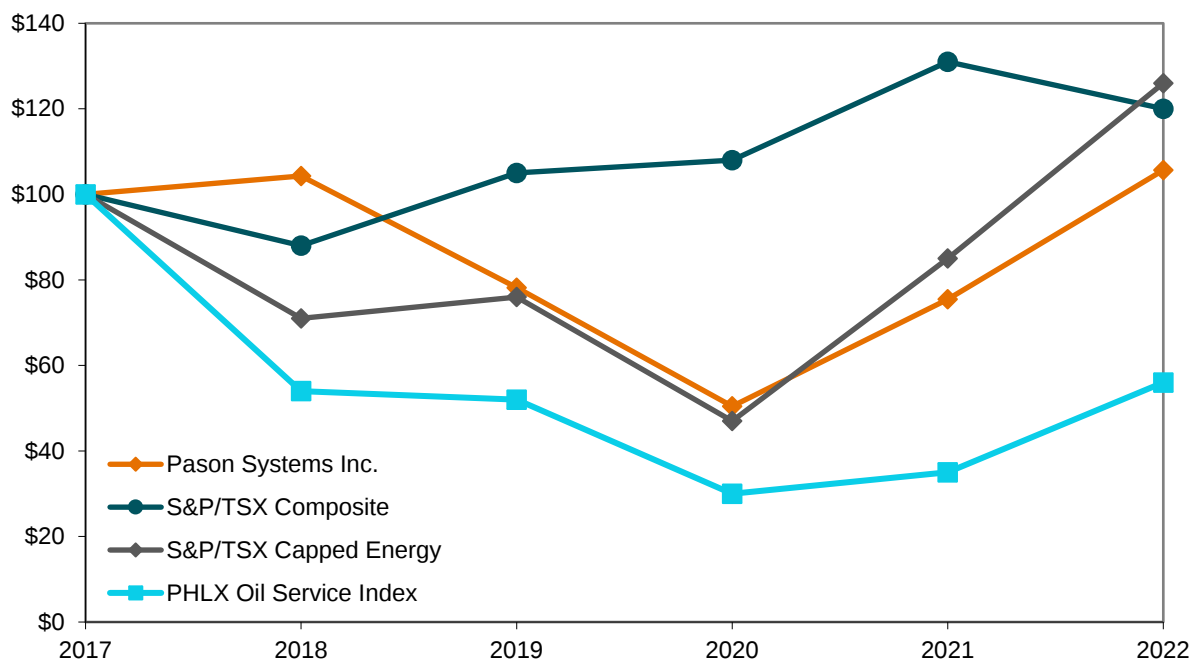
The following performance graph illustrates over a five-year period the cumulative return to Shareholders of an investment in Shares compared with the cumulative total Shareholder return on the TSX Composite Index, the TSX Capped Energy Index (SPTTEN) and the PHLX Oil Service Sector Index (OSX). The 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.

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<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 27 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, 2022.

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



| Index                          | Dec 2018 | Dec 2019 | Dec 2020 | Dec 2021 | Dec 2022 |
|--------------------------------|----------|----------|----------|----------|----------|
|                                | (\$)     | (\$)     | (\$)     | (\$)     | (\$)     |
| Pason Systems Inc.             | 104      | 78       | 50       | 75       | 106      |
| S&P/TSX Composite              | 88       | 105      | 108      | 131      | 120      |
| S&P/TSX Capped Energy (SPTTEN) | 71       | 76       | 47       | 85       | 126      |
| PHLX Oil Services Sector (OSX) | 54       | 52       | 30       | 35       | 56       |

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 26-29.

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><br><b>President &amp; CEO<sup>(3)</sup></b>   | <b>2022</b> | <b>\$465,000</b> | <b>\$688,200</b>                        | <b>\$232,501</b>                     | <b>\$465,000</b>          | <b>\$232,500</b>                   | <b>\$14,605</b>                       | <b>\$2,097,806</b> |
|                                                                | 2021        | \$450,000        | \$607,500                               | \$225,005                            | \$450,000                 | \$225,000                          | \$10,817                              | \$1,968,322        |
|                                                                | 2020        | \$389,250        | -                                       | \$225,000                            | \$450,000                 | \$157,689                          | \$17,588                              | \$1,239,527        |
| <b>Celine Boston</b><br><b>CFO</b>                             | <b>2022</b> | <b>\$284,000</b> | <b>\$315,240</b>                        | <b>\$213,008</b>                     | <b>\$106,500</b>          | <b>\$106,500</b>                   | <b>\$8,933</b>                        | <b>\$1,034,181</b> |
|                                                                | 2021        | \$275,000        | \$278,438                               | \$206,254                            | \$103,125                 | \$103,125                          | \$8,250                               | \$974,192          |
|                                                                | 2020        | \$23,974         | -                                       | \$206,250                            | \$103,125                 | \$72,274                           | \$75,688                              | \$481,311          |
| <b>Kevin Boston, VP</b><br><b>Commercial<sup>(7)</sup></b>     | <b>2022</b> | <b>\$325,395</b> | <b>\$361,188</b>                        | <b>\$257,008</b>                     | <b>\$128,503</b>          | <b>\$128,503</b>                   | <b>\$9,762</b>                        | <b>\$1,210,359</b> |
|                                                                | 2021        | \$282,150        | \$285,678                               | \$236,571                            | \$118,284                 | \$118,285                          | \$8,465                               | \$1,049,433        |
|                                                                | 2020        | \$334,785        | -                                       | \$222,750                            | \$111,375                 | \$78,056                           | \$10,044                              | \$757,010          |
| <b>Bryce McLean, VP</b><br><b>Operations</b>                   | <b>2022</b> | <b>\$284,000</b> | <b>\$315,240</b>                        | <b>\$213,008</b>                     | <b>\$106,500</b>          | <b>\$106,500</b>                   | <b>\$14,200</b>                       | <b>\$1,039,448</b> |
|                                                                | 2021        | \$275,000        | \$278,438                               | \$206,254                            | \$103,125                 | \$103,125                          | \$15,250                              | \$981,192          |
|                                                                | 2020        | \$255,556        | -                                       | \$206,250                            | \$103,125                 | \$72,274                           | \$12,778                              | \$649,983          |
| <b>Russell Smith, VP</b><br><b>International<sup>(7)</sup></b> | <b>2022</b> | <b>\$325,395</b> | <b>\$361,188</b>                        | <b>\$257,008</b>                     | <b>\$128,503</b>          | <b>\$128,503</b>                   | <b>\$9,762</b>                        | <b>\$1,210,359</b> |
|                                                                | 2021        | \$282,150        | \$285,678                               | \$236,571                            | \$118,284                 | \$118,285                          | \$8,465                               | \$1,049,433        |
|                                                                | 2020        | \$331,689        | -                                       | \$222,750                            | \$111,375                 | \$78,056                           | \$9,951                               | \$753,821          |

<sup>(1)</sup> 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 28.

<sup>(2)</sup> 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 31.

<sup>(3)</sup> 2022 discretionary cash bonuses are paid in 2023, 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 17. Mr. Faber elected to receive 50% of both his 2021 and 2022 discretionary cash bonuses in the form of DSUs, with the balance paid out in cash. As a result, he was credited 23,599 DSUs in 2022 and 23,781 DSUs in 2023. The amounts shown in the table above represent 100% of Mr. Faber's 2021 and 2022 STIP entitlements.

<sup>(4)</sup> 2022 RSUs were granted on November 30, 2022 at \$16.07 based on the volume-weighted average Share price of the last five trading days in November.

<sup>(5)</sup> As described above under the heading *Medium-Term Incentives* on page 28, each PSU has a notional target value of \$1.00.

<sup>(6)</sup> The value of stock option awards reflects the estimated value on the grant date calculated using the Black-Scholes valuation method. 2022 stock option grants were valued at \$2.50.

<sup>(7)</sup> Kevin Boston and Russell Smith are paid in US dollars. Disclosed compensation has been converted from USD at 1.30158 in 2022, 1.254 in 2021, and 1.341 in 2020.

# 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, 2022. The five NEOs held 1,110,746 (42%) of the 2,665,121 stock options issued and outstanding as at December 31, 2022.

| Name and Principal Position                 | Grant Year | Medium-Term Incentive Plan<br>Share-Based Awards:<br>PSUs <sup>(1)</sup> |                                                          | Medium-Term Incentive Plan<br>Share-Based Awards:<br>RSUs <sup>(1)</sup> |                                           | Long-Term Incentive Plan<br>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> |
| Jon Faber<br>President & CEO <sup>(6)</sup> | 2022       | 465,000                                                                  | \$465,000                                                | 14,468                                                                   | \$230,620                                 | 93,000                                                         | \$16.07               | Nov 30, 2027           | -                                                        |
|                                             | 2021       | 450,000                                                                  | \$900,000                                                | 14,111                                                                   | \$224,929                                 | 90,000                                                         | \$10.63               | Nov 30, 2026           | \$477,900                                                |
|                                             | 2020       | 450,000                                                                  | \$601,605                                                | 10,232                                                                   | \$163,098                                 | 55,400                                                         | \$7.33                | Nov 30, 2025           | \$476,994                                                |
|                                             | 2019       | -                                                                        | -                                                        | -                                                                        | -                                         | 67,500                                                         | \$12.90               | Nov 30, 2024           | \$205,200                                                |
|                                             | 2018       | -                                                                        | -                                                        | -                                                                        | -                                         | 75,000                                                         | \$20.22               | Nov 30, 2023           | -                                                        |
| Celine Boston<br>CFO                        | 2022       | 106,500                                                                  | \$106,500                                                | 13,255                                                                   | \$211,285                                 | 42,600                                                         | \$16.07               | Nov 30, 2027           | -                                                        |
|                                             | 2021       | 103,125                                                                  | \$206,250                                                | 12,935                                                                   | \$206,184                                 | 41,250                                                         | \$10.63               | Nov 30, 2026           | \$219,038                                                |
|                                             | 2020       | 103,125                                                                  | \$137,868                                                | 9,379                                                                    | \$149,501                                 | 38,750                                                         | \$7.33                | Nov 30, 2025           | \$333,638                                                |
| Kevin Boston<br>VP Commercial               | 2022       | 128,503                                                                  | \$128,503                                                | 15,993                                                                   | \$254,928                                 | 51,401                                                         | \$16.07               | Nov 30, 2027           | -                                                        |
|                                             | 2021       | 118,284                                                                  | \$236,568                                                | 14,837                                                                   | \$236,502                                 | 47,314                                                         | \$10.63               | Nov 30, 2026           | \$251,237                                                |
|                                             | 2020       | 111,375                                                                  | \$148,897                                                | 10,130                                                                   | \$161,472                                 | 39,700                                                         | \$7.33                | Nov 30, 2025           | \$341,817                                                |
|                                             | 2019       | -                                                                        | -                                                        | -                                                                        | -                                         | 41,733                                                         | \$12.90               | Nov 30, 2024           | \$126,868                                                |
|                                             | 2018       | -                                                                        | -                                                        | -                                                                        | -                                         | 50,000                                                         | \$20.22               | Nov 30, 2023           | -                                                        |
| Bryce McLean<br>VP Operations               | 2022       | 106,500                                                                  | \$106,500                                                | 13,255                                                                   | \$211,285                                 | 42,600                                                         | \$16.07               | Nov 30, 2027           | -                                                        |
|                                             | 2021       | 103,125                                                                  | \$206,250                                                | 12,935                                                                   | \$206,184                                 | 41,250                                                         | \$10.63               | Nov 30, 2026           | \$219,038                                                |
|                                             | 2020       | 103,125                                                                  | \$137,868                                                | 9,379                                                                    | \$149,501                                 | 27,500                                                         | \$7.33                | Nov 30, 2025           | \$236,775                                                |
|                                             | 2019       | -                                                                        | -                                                        | -                                                                        | -                                         | 11,333                                                         | \$12.90               | Nov 30, 2024           | \$34,452                                                 |
|                                             | 2018       | -                                                                        | -                                                        | -                                                                        | -                                         | 45,000                                                         | \$20.22               | Nov 30, 2023           | -                                                        |
| Russell Smith<br>VP International           | 2022       | 128,503                                                                  | \$128,503                                                | 15,993                                                                   | \$254,928                                 | 51,401                                                         | \$16.07               | Nov 30, 2027           | -                                                        |
|                                             | 2021       | 118,284                                                                  | \$236,568                                                | 14,837                                                                   | \$236,502                                 | 47,314                                                         | \$10.63               | Nov 30, 2026           | \$251,237                                                |
|                                             | 2020       | 111,375                                                                  | \$148,897                                                | 10,130                                                                   | \$161,472                                 | 29,700                                                         | \$7.33                | Nov 30, 2025           | \$255,717                                                |
|                                             | 2019       | -                                                                        | -                                                        | -                                                                        | -                                         | 36,000                                                         | \$12.90               | Nov 30, 2024           | \$109,440                                                |
|                                             | 2018       | -                                                                        | -                                                        | -                                                                        | -                                         | 45,000                                                         | \$20.22               | Nov 30, 2023           | -                                                        |

<sup>(1)</sup> 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 28.

<sup>(2)</sup> Represents all unexercised stock options. See page 29 under the heading *Long-Term Incentives* for more information about Pason's stock option plan.

<sup>(3)</sup> As described above under the heading *Medium-Term Incentives* on page 28, each PSU has a notional target value of \$1.00.

<sup>(4)</sup> The amounts disclosed for PSUs that were granted in November of 2022 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, 2022, only one month has elapsed since the grant date. The amounts disclosed for the unvested PSUs granted in 2020 and 2021 are measured at the PSU performance multiplier calculated as at December 31, 2022.

<sup>(5)</sup> Calculated based on the difference between the market price of the Shares at December 31, 2022 (\$15.94), and the exercise price of the stock options for any in-the-money options.

<sup>(6)</sup> In addition to the awards outlined in this table, Jon Faber was credited with 23,781 DSUs in 2023 as a result of an election to receive 50% of his 2022 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 2022 and the value that would have been realised if the stock options granted to each of the NEOs had been exercised on the vesting date in 2022 and the value realised from RSUs and PSUs that vested during 2022.

| 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><br>President & CEO                     | \$688,200                               | \$348,108              | \$0                 | \$486,000                    | \$1,522,308 |
| <b>Celine Boston</b><br>CFO                             | \$315,240                               | \$254,677              | \$0                 | \$191,400                    | \$761,317   |
| <b>Kevin Boston</b><br>VP Commercial <sup>(5)</sup>     | \$361,188                               | \$313,575              | \$0                 | \$253,892                    | \$928,655   |
| <b>Bryce McLean</b><br>VP Operations                    | \$315,240                               | \$290,080              | \$0                 | \$225,852                    | \$831,172   |
| <b>Russell Smith</b><br>VP International <sup>(5)</sup> | \$361,188                               | \$307,830              | \$0                 | \$248,083                    | \$917,101   |

<sup>(1)</sup> As noted in the *Summary Compensation Table* on page 35, Jon Faber elected to receive 50% of his 2022 discretionary cash bonus in the form of DSUs. For greater certainty, the amount shown in the table above represents 100% of Jon Faber's 2022 STIP entitlement.

<sup>(2)</sup> Calculated based on the number of RSUs that matured in 2022 multiplied by the market price of the Shares on the maturity date.

<sup>(3)</sup> Calculated based on the number of PSUs that matured in 2022 multiplied by the applicable PSU Multiplier of each maturing tranche of PSUs on the maturity date.

<sup>(4)</sup> Calculated based on the difference between the market price of the Shares on December 31, 2022 and the exercise price of the stock options for any in-the-money options, regardless of whether the stock option was exercised.

<sup>(5)</sup> Kevin Boston and Russell Smith are paid in US dollars. Disclosed compensation has been converted from USD at \$1.30158 in the table above where applicable.

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

There were 93,217 stock options exercised by the NEOs during the fiscal year ended December 31, 2022.

| Name                                     | Stock Options Exercised or Exchanged | Aggregate Value Realized <sup>(1)</sup> |
|------------------------------------------|--------------------------------------|-----------------------------------------|
| <b>Jon Faber</b><br>President & CEO      | 34,600                               | \$280,557                               |
| <b>Celine Boston</b><br>CFO              | 2,500                                | \$20,925                                |
| <b>Kevin Boston</b><br>VP Commercial     | 4,850                                | \$27,844                                |
| <b>Bryce McLean</b><br>VP Operations     | 36,417                               | \$181,673                               |
| <b>Russell Smith</b><br>VP International | 14,850                               | \$85,928                                |

<sup>(1)</sup> Aggregate Value Realized has been calculated based upon the difference between the exercise price and the closing price of Shares on the date of exercise, multiplied by the number of Shares acquired or exchanged upon exercise of the relevant options.

# 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><br>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 29.

## 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 17.

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, 2022. 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><br>President & CEO | \$976,500                        | \$3,745,346                      |
| <b>Celine Boston</b> <sup>(2)</sup><br>CFO         | \$298,200                        | \$1,570,263                      |
| <b>Kevin Boston</b><br>VP Commercial               | \$341,665                        | \$1,886,793                      |
| <b>Bryce McLean</b><br>VP Operations               | \$298,200                        | \$1,507,852                      |
| <b>Russell Smith</b><br>VP International           | \$341,665                        | \$1,783,265                      |
| <b>Total payments to all NEOs</b>                  | <b>\$2,256,230</b>               | <b>\$10,493,519</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, 2022.

<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 40, the total change of control benefit payable would be the termination amount, plus the change of control amount.

## CEO Pay Ratio

The 2022 annual total compensation of Pason's median employee (other than for the President & Chief Executive Officer) was \$127,670, as compared to the Canadian median income of \$39,500 (source: 2020 Statistics Canada). The CEO's annual total compensation for 2022 was \$2,097,806, representing a ratio of approximately 16:1 to the Corporation's median employee income.

By comparison, the average S&P 500 company CEO to employee pay ratio was 324:1 in 2021 (source: 2021 AFL-CIO Executive Paywatch) and 243:1 for the 100 highest-paid CEOs in Canada (source: January 2023 CCPA).

To identify Pason's median employee compensation, we used the entire full-time, part-time and temporary employee population of Pason and its subsidiaries as of December 31, 2022, 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 Pason's median employee compensation, we calculated the CEO's annual total compensation for 2022 using the same methodology that we use to determine Pason's NEOs' annual total compensation for the *Summary Compensation Table* on page 35.

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

Pason and its Board are committed to maintaining high standards of governance that comply with all applicable regulatory standards and reflect evolving best practices that are in the best interest of the Corporation and its Shareholders. The Board directly, and through its various committees, complies with evolving Canadian corporate governance requirements, which include the governance rules of the ABCA, TSX and Canadian Securities Administrators (CSA), such as:

- National Instrument 52-110 (*Audit Committees*)
- National Instrument 58-101 (*Disclosure of Corporate Governance Practices*), and
- National Policy 58-201 (*Corporate Governance Guidelines*).

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, all of which are published in local languages. These policies, together with the mandates of the Board and its committees, 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 is available 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

The Board's primary responsibilities are to ensure that Pason conducts its business with honesty and integrity, with the objective of creating sustainable and long-term value and profitable growth. The Board performs its key duties and responsibilities, delegates certain duties to its three standing committees, and discharges other duties to management in respect of the day-to-day affairs of the Corporation's business.

The Chair of the Board is responsible for ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chair's role includes coordinating the affairs of the Board, working with management (primarily the CEO) and ensuring effective relations with Board members, shareholders, other stakeholders and the public.

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).

Pason's Board exemplifies strong principles of corporate governance, which is illustrated by the following practices:

- the Board has a non-executive Chair and an independent Lead Director,
- all of Pason's directors, except for the Chair and CEO, are independent,
- the directors are each knowledgeable and experienced directors who can make a meaningful contribution to the Board, the development of Pason's strategy and oversight of Pason's risk management processes,
- each member of the Board has significant share ownership requirements to align the directors' interests with those of Pason's shareholders, and
- annual assessments are conducted of Board, Chair, committee and director effectiveness.

## Board Size and Composition

Pason's articles state that the Board must have a minimum of one and a maximum of 15 directors. The Board has determined that six directors will be elected this year at the annual meeting. The Board believes this size is appropriate to achieve effective decision making given the scope of Pason's business, the skills and experience of the nominated directors, the roles of Pason's three standing committees. The Corporation believes that all of the nominated directors are well qualified to serve on the Board.

## Board Independence

The CGN Committee and the Board review the independence of each Board member and nominated director against applicable Canadian legal requirements and guidelines on an annual basis. The Board has determined that four of the six nominated directors (66.7%) and all current members of each Board committee are independent for the purposes of NI 58-101 and NI 52-110.

Mr. Faber is not independent because of his current role as President and CEO of the Corporation, and Mr. Kessler is not independent because of his former role as President and CEO. Neither Mr. Faber nor Mr. Kessler will have a vote in any of the committee meetings, however they will be invited to attend as observers.

Other than as described above, none of the directors have a direct or indirect material relationship with Pason that could reasonably be expected to interfere with the exercise of their independent judgment.

## Non-Executive Chair

The Chair is appointed by the Board and serves in a non-executive capacity. Pason has separate Chair and CEO positions, and Mr. Kessler has served as the non-executive Chair since October 1, 2020.

## Independent Lead Director

In order to provide effective leadership, Laura Schwinn has been appointed as the independent Lead Director effective at the end of the Meeting on May 4, 2023. Mr. Jim Howe, who is not standing for re-election at the Meeting, will step down as Lead Director on the same date. 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 meetings, and communicating with the other independent directors.

## 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 2022 is disclosed under the heading *Director Profiles* above.

## 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 Profiles* above.

## Board Diversity

The Board believes that a board of directors comprised 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.

Although Pason does not have specific targets regarding Board membership for each of the above noted groups, as described above, the CGN Committee does specifically consider the representation of each of these groups in its nomination of potential director candidates. In addition, the Board believes that its Diversity Recruitment Policy appropriately encourages the CGN Committee to consider gender, age, ethnicity, and geographic background when selecting director candidates. Currently, two of six, or 33.3%, of the Board is composed of women.

## Board Committees

As of March 15, 2023, the Board has three standing committees to oversee essential parts of the Corporation's governance, which are comprised of the following:

| Corporate Governance and Nomination (CGN) Committee | Human Resources and Compensation (HRC) Committee | Audit Committee                             |
|-----------------------------------------------------|--------------------------------------------------|---------------------------------------------|
| Laura L. Schwinn (committee chair)                  | T. Jay Collins (committee chair)                 | Ken Mullen (committee chair) <sup>(1)</sup> |
| Ken Mullen <sup>(2)</sup>                           | Laura L. Schwinn                                 | T. Jay Collins                              |
| Judi M. Hess                                        | Judi M. Hess                                     | Judi M. Hess                                |

<sup>(1)</sup> Mr. Mullen has been appointed chair of the Audit Committee effective at the end of the Meeting on May 4, 2023. Mr. Jim Howe, who is not standing for re-election at the Meeting, will step down as chair of the Audit Committee on the same date.

<sup>(2)</sup> Mr. Mullen has been appointed as a member of the CGN Committee effective at the end of the Meeting on May 4, 2023. Mr. Jim Howe, who is not standing for re-election at the Meeting, will step down as a member of the CGN Committee on the same date.

Each of these committees is composed entirely of independent directors within the meaning of National Instrument 52-110 and have the knowledge, skills, and experience necessary to effectively fulfill their duties. 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). In addition, Mr. Mullen, Mr. Collins and Ms. Hess are all "financial experts" within the meaning set forth by Glass Lewis (having experience as a certified public accountant, CFO, or corporate controller of similar experience, or demonstrably meaningful experience overseeing such functions as a senior executive officer). Additional information regarding each member's education, experience and expertise is provided under the heading, *Director Profiles*, on page 13. Additional information regarding the independent status of each Board member is provided under the heading, *Corporate Governance*, on page 41.

## 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.

## 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 21 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 22 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.

The Board has determined that all members of the Audit Committee are financially literate, which means each member can read and understand a set of financial statements that are generally comparable to Pason's in terms of breadth and complexity of accounting issues. More information about the Audit Committee, including its composition and the relevant education and financial experience of its members, in the *Director Profiles* heading, and in Pason's Annual Information Form, which is available on Pason's website ([www.pason.com](http://www.pason.com)) in the Investors section and on SEDAR ([www.sedar.com](http://www.sedar.com)). The mandate of the Audit Committee of the Board is also available on the Corporation's website.

## Strategic Planning

The Board oversees Pason's strategic planning process. Management develops the strategic plan and assesses strategic issues with the Board throughout the year. Pason holds an annual strategic planning session with the Board and management to review the strategic plan, discuss strategic issues, identify corporate opportunities and evaluate the material risks facing Pason's business. The Board approves Pason's strategic plan, including the operating and capital budgets and other significant transactions.

## Enterprise Risk Management

Pason faces risks as part of its business activities, including operating, financial, governance, health and safety, environmental, cybersecurity, compensation, strategic and reputational risk. More information about Pason's risks can be found in Pason's Annual Information Form which is available on Pason's website at [www.pason.com](http://www.pason.com) in the Investors section (under Annual Filings and Annual General Meeting Materials) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Board performs a regular review of all risk related matters, including assessment of Pason's internal risk matrix and receiving quarterly updates from management. The Board has overall responsibility for risk oversight and assigns specific risks to its committees as follows:

| Board Committee | Risk Responsibility                                                  |
|-----------------|----------------------------------------------------------------------|
| Audit Committee | Oversees financial, cyber and information security risks             |
| HRC Committee   | Oversees compensation risk and talent management and succession risk |
| CGN Committee   | Oversees environmental, social and governance risk                   |

## 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 and the annual Board strategy session. The directors believe they have a strong understanding of the Corporation's succession plan.

## Access to Management

The Board has complete access to management. The Chair of the Board and committee Chairs connect with the CEO and other executives as needed. The Board encourages the Corporation's executives to include key managers in Board and committee meetings so they can share their expertise on specific matters. This approach gives the Board an opportunity to meet individuals who have the potential to assume more senior positions in the future, and allows these individuals to gain exposure to the Board.

## Orientation and 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. All directors attended the annual strategy session held on October 3, 2022.

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 typically 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 are invited to conduct field visits on their own to view Pason products, arranged through Pason or other affiliations.

## Board Effectiveness and Director Assessment

### Board Renewal

The CGN Committee is 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 director 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 *Board Diversity* above.

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.

### Skills Matrix

The CGN Committee has developed a list of key skillsets required to ensure that Pason's Board has the necessary breadth of knowledge to properly advise Pason and govern its business activities. The skills and experiences listed below are reviewed regularly for relevance and completeness. The CGN Committee considers these factors and others when discussing Board renewal. 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.

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.

The following skills matrix reflects the diverse skill set of the Board and identifies the specific experience and expertise brought by each of Pason's current directors.

| Skill/ Experience Area               | Description                                                                                                                                                                                  | Kessler | Collins | Faber | Hess | Mullen | 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

## 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 6 years and their average age is 60.

## Environmental, Social and Governance ("ESG") Oversight

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. 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. For more detailed information on Pason's ESG initiatives, please see Pason's 2021 Sustainability Report, which is available on the Corporation's website at [www.pason.com](http://www.pason.com) in the Investors section (under Annual Filings and Annual General Meeting Materials).

## Board Oversight of ESG Matters

In recent years, the Board and each of its committees have increased their oversight of ESG related issues. The Board maintains ultimate oversight over Pason's ESG matters, including risks and opportunities related to material product development decisions and other matters not specifically covered in the Board or committee mandates.

| AUDIT COMMITTEE                                                                                                                                                                 | HRC COMMITTEE                                                                                     | CGN COMMITTEE                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Responsible for overseeing Pason's financial reporting processes, enterprise risk management, compliance with regulatory requirements and Pason's cybersecurity and IT programs | Responsible for oversight of Pason's overall compensation philosophy for executives and employees | Responsible for all matters relating to effective corporate governance, including oversight of Pason's overall ESG strategy and health and safety practices |

## Stakeholder Engagement

Pason recognizes the importance of engagement with its Shareholders and all other stakeholders. Pason engages with its stakeholders through a variety of means, including investor presentations, quarterly conference calls, quarterly employee townhalls, press releases, and Pason's annual meeting. A copy of the investor presentation and a recording of the conference call for each of the previous four quarters are available on Pason's website ([www.pason.com](http://www.pason.com)) in the Investors section (under Quarterly Filings). In addition, the Board responds to inquiries of, and provides insight into Pason's governance practices to, shareholder advocacy groups as requested.

Pason values Shareholder, employee and other interested party opinions, concerns and feedback. We invite you to communicate directly with Jon Faber, President and Chief Executive Officer, or Celine Boston, Chief Financial Officer, via email at [investorrelations@pason.com](mailto:investorrelations@pason.com), telephone at 403-301-3400, fax to 403-301-3499 or mail at:

Pason Systems Inc.  
6130 3<sup>rd</sup> Street SE  
Calgary, Alberta, T2H 1K4  
Attention: Investor Relations

# 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* on page 41, 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 and related policies are all published in local languages.

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

The Code covers potential conflicts of interest and requires that all employees, officers, directors and contractors of Pason avoid situations that may result in a potential conflict of interest. A conflict of interest exists where the personal or business relationships or interests of an employee, officer, director or contractor conflict with, or have the potential to conflict with, those of Pason. The Code requires that any employee, officer, director or contractor who finds themselves in an actual or potential conflict situation report the conflict. The CEO and the other members of Pason's executive leadership team must receive CGN Committee consent for all potential conflicts of interest. Directors must declare any material interest they may have in any potential material contract or transaction to be entered by the Corporation and recuse themselves from related deliberations and approvals.

There were no material conflicts of interests or related party transactions reported by the Board or the Corporation's executive leadership team in 2022.

# 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 2022, the Corporation renewed the existing NCIB, for a period commencing on December 20, 2022, and expiring on December 19, 2023. Under the new NCIB, the Corporation may purchase for cancellation, from time-to-time, as the Corporation considers advisable, up to a maximum of 8,105,263 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 54,996 Shares. The Corporation may make one block purchase per calendar week which exceeds the daily purchase restriction.

For the year ended December 31, 2022, the Corporation purchased 970,650 Shares for cancellation, for a total cash consideration of \$13,785,060. 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, 2022 and 2021, which are included in the Corporation's Annual Report for the year ended December 31, 2022.

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 – 3<sup>rd</sup> Street SE, Calgary, Alberta, T2H 1K4 or by faxing a request to 403-301-3499.

Dated March 15, 2023.

# Appendix “A”

## Second Amended and Restated By-Law No. 1

**\*\*\* TO BE CONFIRMED BY THE SHAREHOLDERS AT UPCOMING AGM\*\*\***

### SECOND AMENDED AND RESTATED BY-LAW NUMBER 1

#### A BY-LAW RELATING GENERALLY TO THE TRANSACTION OF THE BUSINESS AND AFFAIRS OF PASON SYSTEMS INC.

#### SECTION 1 DEFINITIONS AND INTERPRETATION

##### (1) Definitions

In this Second Amended and Restated By-law, unless the context otherwise specifies or requires:

- (a) "**ABCA**" means the Business Corporations Act (Alberta), as amended;
- (b) "**Appoint**" includes elect and vice versa;
- (c) "**Articles**" includes the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution and articles of revival of the Corporation, and any amendment to any of them;
- (d) "**Board**" means the board of directors of the Corporation;
- (e) "**By-laws**" means this Second Amended and Restated By-law and all other by-laws of the Corporation from time to time in force;
- (f) "**Corporation**" means Pason Systems Inc.;
- (g) "**Director**" means an individual who is elected or appointed as a director of the Corporation;
- (h) "**Indemnified Party**" has the meaning set out in section 8 for purposes of that section;
- (i) "**Nominating Shareholder**" has the meaning set out in section 4 for purposes of that section;
- (j) "**Officer**" means an officer of the Corporation appointed by the Board;

- (k) **"Record Date"** means, for the purpose of determining Shareholders entitled to receive notice of a meeting of Shareholders:
  - (i) the date fixed in advance by the Board for that determination which precedes the date on which the meeting is to be held by not more than 50 days and not less than 21 days,
  - (ii) if no date is fixed by the Board, at the close of business day on the last business day which precedes the day on which the notice is sent, or
  - (iii) if no notice is sent, the day on which the meeting is held;
- (l) **"Recorded Address"** means:
  - (i) in the case of a Shareholder, the Shareholder's latest address as shown in the Corporation's records or those of its transfer agent,
  - (ii) in the case of joint Shareholders, the latest address as shown in the Corporation's records or those of its transfer agent in respect of those joint holders, or the first address appearing if there is more than one address,
  - (iii) in the case of a Director, the Director's latest address as shown in the Corporation's records or in the last notice of directors filed with the Registrar, and
  - (iv) in the case of an Officer or auditor of the Corporation, that person's latest address is shown in the Corporation's records;
- (m) **"Registrar"** means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under the ABCA;
- (n) **"Regulations"** means the Regulations, as amended, in force from time to time under the ABCA; and
- (o) **"Shareholder"** means a shareholder of the Corporation.

## **(2) Interpretation**

In this By-law, except if defined in this section or the context does not permit:

- (a) words and expressions defined or used in the ABCA have the meaning or use given to them in the ABCA;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing gender include masculine, feminine and neuter genders; and
- (d) words importing persons include bodies corporate.

### **(3) Headings**

The headings used in this By-law are inserted for convenience of reference only. The headings are not to be considered or taken into account in construing the terms of this By-law nor are they to be deemed in any way to clarify, modify or explain the effect of any term of this By-law.

### **(4) Invalidity of any Provision of this By-law**

The invalidity or unenforceability of any provision of this By-law shall not affect the validity or enforceability of the remaining provisions of this By-law.

### **(5) By-laws Subject to the ABCA**

The By-laws are subject to the ABCA and the Regulations, to any unanimous shareholder agreement and to the Articles, in that order.

## **SECTION 2 BUSINESS OF THE CORPORATION**

### **(1) Execution of Documents**

Documents may be executed on behalf of the Corporation in the manner and by the persons the Board may designate by resolution.

### **(2) Cheques, Drafts and Notes**

Cheques, drafts or orders for the payment of money, notes, acceptances and bills of exchange must be signed in the manner and by the persons the Board may designate by resolution.

### **(3) Corporate Seal**

The Board may, by resolution, adopt a corporate seal containing the name of the Corporation as the corporate seal. A document issued by or executed on behalf of the Corporation is not invalid only because the corporate seal is not affixed to that document. A document requiring authentication by the Corporation does not need to be under seal.

### **(4) Banking Arrangements**

The Board may open any bank accounts the Corporation may require at a financial institution designated by resolution of the board. The Board may adopt, authorize, execute or deposit any document furnished or required by the financial institution and may do any other things as may be necessarily incidental to the banking and financial arrangements of the Corporation.

### **(5) Voting Rights in Other Bodies Corporate**

The persons designated by the Board to execute documents on behalf of the Corporation may execute and deliver instruments of proxy and arrange for the issue of voting certificates or other evidence of the right to exercise voting rights attached to any securities held by the Corporation in another body corporate. The instruments, certificates or other evidence shall be in favour of the

person that is designated by the persons executing the instruments of proxy or arranging for the issue of voting certificates or other evidence of the right to exercise voting rights. In addition, the Board may direct the manner in which and the person by whom any particular voting right or class of voting rights may be exercised.

#### **(6) Withholding Information from Shareholders**

No Shareholder is entitled to obtain any information respecting any detail or conduct of the Corporation's business which, in the opinion of the Board, would not be in the best interests of the Shareholders or the Corporation to communicate to the public.

The Board may determine whether and under what conditions the accounts, records and documents of the Corporation are open to inspection by the Shareholders. No Shareholder has a right to inspect any account record or document of the Corporation except as conferred by the ABCA or authorized by resolution of the Board or by resolution passed at a meeting of Shareholders.

#### **(7) Divisions**

The Board may cause any part of the business and operations of the Corporation to be segregated or consolidated into one or more divisions upon the basis the Board considers appropriate. Any division may be designated by the name the Board determines and may transact business under that name. The name of the Corporation must be set out in legible characters in and on all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of any division of the Corporation.

### **SECTION 3 BORROWING**

#### **(1) Borrowing Power**

Without limiting the borrowing power of the Corporation provided by the ABCA, the Board may, without authorization of the Shareholders:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) subject to section 45 of the ABCA, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The Directors may, by resolution, delegate to a Director, a committee of Directors or an Officer all or any of the powers conferred on them by this section.

## **SECTION 4 DIRECTORS**

### **(1) Duties of Directors**

The Board shall manage and supervise the management of the business and affairs of the Corporation. Every Director must comply with the ABCA, the Regulations, the Articles and the By-laws.

### **(2) Qualification**

A person is disqualified for election and from service as a Director if he or she is disqualified under the ABCA from being a director of a corporation.

### **(3) Number of Directors**

The Board is to consist of that number of Directors permitted by the Articles. In the event the Articles permit a minimum and maximum number of Directors, the Board is to consist of the number of Directors the Shareholders determine by ordinary resolution. The number of Directors at any one time may not be less than the minimum or more than the maximum number permitted by the Articles.

### **(4) Increase Number**

The Shareholders may amend the Articles to increase the number, or the minimum or maximum number, of Directors. Upon the adoption of an amendment increasing the number or minimum number of Directors, the Shareholders may, at the meeting at which they adopt the amendment, elect the additional number of Directors authorized by the amendment. Upon the issue of a certificate of amendment, the Articles are deemed to be amended as of the date the Shareholders adopted the amendment.

### **(5) Decrease Number**

The Shareholders may amend the Articles to decrease the number, or the minimum or maximum number, of Directors. No decrease shortens the term of an incumbent Director.

### **(6) Election and Term**

Each Director named in the notice of directors filed at the time of incorporation holds office from the issue of the certificate of incorporation until the first meeting of Shareholders. The Shareholders are to elect Directors by ordinary resolution at the first meeting of Shareholders and at each succeeding annual meeting at which an election of Directors is required. The elected Directors are to hold office for a term expiring not later than the close of the next annual meeting of the Shareholders following the election. A Director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of Shareholders following the Director's election. If Directors are not elected at a meeting of Shareholders, the incumbent Directors continue in office until their respective successors are elected.

**(7) Advance Notice Requirement for Director Nomination**

- (a) Subject to the ABCA and the Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors of the Corporation. Nominations of persons for election to the Board may be made in respect of any annual meeting of Shareholders or any special meeting of Shareholders, if one of the purposes for which the special meeting was called was the election of Directors, called:
- (i) by or at the direction of the Board, including pursuant to a notice of meeting;
  - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the ABCA, or a requisition of the shareholders made in accordance with the provisions of the ABCA; or
  - (iii) by any person (a "**Nominating Shareholder**") who: (1) at the close of business on the date of the giving of the notice provided for below in this subsection (7), and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (2) complies with the notice procedures set forth below in this subsection (7).
- (b) To be valid, a Nominating Shareholder's notice to the Secretary of the Corporation must:
- (i) in the case of an annual meeting of Shareholders, be made not less than 30 nor more than 65 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the day on which that first public announcement of the date of the annual meeting was made;
  - (ii) in the case of a special meeting of Shareholders (which is not also an annual meeting) called for the purpose of electing Directors (whether or not called for other purposes), be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made; and
  - (iii) be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date of the meeting.
- In no event shall any adjournment or postponement of a meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- (c) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:

- (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (1) the name, age, business address and residential address of the person; (2) the principal occupation or employment of the person; (3) the class or series and number of shares in the capital of the Corporation which are beneficially owned or controlled or directed, directly or indirectly, by the person as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (4) a completed personal information form signed by the person in the form prescribed by any stock exchange on which the Corporation's common shares are traded; (5) all such information as may be necessary to determine the eligibility of the person to serve as an independent Director for purposes of National Instrument 52-110 or equivalent, or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, of such person; (6) confirmation that the proposed nominee meets the qualifications of directors stated in these By-laws; and (7) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to the ABCA and any other applicable laws; and
- (ii) as to the Nominating Shareholder(s) giving the notice: (1) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person or any joint actors, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (2) full particulars regarding any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder(s) has a right to vote any shares of the Corporation, and (3) any other information relating to such Nominating Shareholder(s) that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to the ABCA and any other applicable laws and aimed at providing shareholders with the necessary information to review any proposed director nominees within a timely manner.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation.

- (d) No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the provisions of this subsection (7); provided, however, that nothing in this subsection (7) shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of Directors) at a meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the ABCA. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this subsection (7) and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

- (e) Notwithstanding any other provision of this subsection (7), notice given to the Secretary of the Corporation pursuant to this subsection (7) may only be given by personal delivery or by registered mail to the registered office of the Corporation, as noted by the Registrar of Corporations under the ABCA or by electronic transmission at such address as stipulated from time to time by the Secretary of the Corporation for purposes of this subsection (7), and in any event shall be deemed to have been given and made only at the time it is served by personal delivery, registered mail, or by electronic transmission (at the aforesaid address) to the Secretary of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

Notwithstanding the foregoing provisions of subsection (7), the Board may, in its sole discretion, waive any requirement in this subsection (7).

#### **(8) Removal of Directors**

The Shareholders may by ordinary resolution passed as a special meeting of Shareholders remove a Director from office. Any vacancy created by the removal of a Director may be filled at the meeting at which the Director was removed, failing which the vacancy may be filled by a quorum of Directors.

#### **(9) Consent**

No election or appointment of an individual as a Director is effective unless:

- (a) the individual was present at the meeting when elected or appointed and did not refuse to act as Director; or
- (b) if the individual was not present at the meeting when elected or appointed as a Director, the individual
  - (i) consented in writing to act as a Director before the individual's election or appointment or within 10 days after it, or
  - (ii) has acted as a Director pursuant to the election or appointment.

#### **(10) Ceasing to Hold Office**

A Director ceases to hold office when:

- (a) the Director dies or resigns;
- (b) the Director is removed from office by the Shareholders who elected the Director; or
- (c) the Director ceases to be qualified for election as a Director under subsection (2).

A Director's resignation is effective at the time a written resignation is sent to the Corporation, or at the time specified in the resignation, whichever is later.

#### **(11) Filling Vacancies**

A quorum of Directors may fill a vacancy in the Board, except a vacancy resulting from an increase in the number or minimum number of Directors or from a failure to elect the number or minimum number of Directors required by the Articles. If there is not a quorum of Directors, or if there has been a failure to elect the number or minimum number of Directors required by the Articles, the Directors then in office must immediately call a special meeting of Shareholders to fill the vacancy. If the Directors fail to call a meeting, or if there are no Directors then in office, the meeting may be called by any Shareholder.

#### **(12) Remuneration and Expenses**

The Directors are entitled to receive remuneration for their services in the amount the Board determines. Subject to the Board's approval, the Directors are also entitled to be reimbursed for travelling and other expenses incurred by them in attending meetings of the Board or any committee of Directors or in the performance of their duties as Directors.

Nothing contained in the By-laws precludes a Director from serving the Corporation in another capacity and receiving remuneration for acting in that other capacity.

The Directors must disclose to the Shareholders the aggregate remuneration paid to the Directors. The disclosure must be in a written document to be placed before the Shareholders at every annual meeting of Shareholders and must relate to the same time period as the financial statements required to be presented at the meeting relate to.

#### **(13) Annual Financial Statements**

The Board must place before the Shareholders at every annual meeting of Shareholders financial statements which have been approved by the Board as evidenced by the signature of one or more of the Directors, the report of the auditor and any further information respecting the financial position of the Corporation and the results of its operations that is required by the ABCA, the Regulations, the Articles, the By-laws or any unanimous shareholder agreement.

### **SECTION 5 MEETINGS OF DIRECTORS**

#### **(1) Calling Meetings**

The Chairperson of the Board or any Director may call a meeting of Directors. A meeting of Directors or of a committee of Directors may be held within or outside of Alberta at the time and place indicated in the notice referred to in subsection (2).

## **(2) Notice**

Notice of the time and place of a meeting of Directors or any committee of Directors must be given to each Director or each Director who is a member of a committee not less than 48 hours before the time fixed for that meeting. Notice must be given in the manner prescribed in section 11. A notice of a meeting of Directors need not specify the purpose of the business to be transacted at the meeting except when the business to be transacted deals with a proposal to:

- (a) submit to the Shareholders any question or matter requiring the approval of the Shareholders;
- (b) fill a vacancy among the Directors or in the office of auditor;
- (c) issue securities;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (f) pay a commission in connection with the sale of shares of the Corporation;
- (g) approve a management proxy circular;
- (h) approve any financial statements; or
- (i) adopt, amend or repeal By-laws.

## **(3) Notice of Adjourned Meeting**

Notice of an adjourned meeting of Directors is not required if a quorum is present at the original meeting and if the time and place of the adjourned meeting is announced at the original meeting. If a meeting is adjourned because a quorum is not present, notice of the time and place of the adjourned meeting must be given as for the original meeting. The adjourned meeting may proceed with the business to have been transacted at the original meeting, even though a quorum is not present at the adjourned meeting.

## **(4) Meetings Without Notice**

No notice of a meeting of Directors or of a committee of Directors needs to be given:

- (a) to a newly elected Board following its election at an annual or special meeting of Shareholders; or
- (b) for a meeting of Directors at which a Director is appointed to fill a vacancy in the Board, if a quorum is present.

**(5) Waiver of Notice**

A Director may waive, in any manner, notice of a meeting of Directors or of a committee of Directors. Attendance of a Director at a meeting of Directors or of a committee of Directors is a waiver of notice of the meeting, except when the Director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**(6) Quorum**

The quorum for the transaction of business at any meeting of the Directors will be a majority of the number of Directors then holding office. Unless otherwise determined from time to time by the Directors, each committee of the Board will have the power to fix its quorum at not less than a majority of its members.

**(7) Regular Meetings**

The Board may by resolution establish one or more days in a month for regular meetings of the Board at a time and place to be named in the resolution. No notice is required for a regular meeting.

**(8) Chairperson of Meetings**

The chairperson of any meeting of Directors is the first mentioned of the following Officers (if appointed) who is a Director and is present at the meeting: Chairperson of the Board, Lead Director, or President. If none of the foregoing Officers are present, the Directors present may choose one of their number to be chairperson of the meeting.

**(9) Decision on Questions**

Every resolution submitted to a meeting of Directors or of a committee of Directors must be decided by a majority of votes cast at the meeting. In the case of an equality of votes, the chairperson does not have a casting vote.

**(10) Meeting by Telephone**

If all the Directors consent, a Director may participate in a meeting of Directors or of a committee of Directors by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other. A Director participating in a meeting by means of telephone or other communication facilities is deemed to be present at the meeting.

**(11) Resolution in Lieu of Meeting**

A resolution in writing signed by all the Directors entitled to vote on that resolution at a meeting of Directors or committee of Directors is as valid as if it had been passed at a meeting of Directors or committee of Directors. A resolution in writing takes effect on the date it is expressed to be effective.

A resolution in writing may be signed in one or more counterparts, all of which together constitute the same resolution. A counterpart signed by a Director and transmitted by facsimile or other device capable of transmitting a printed message is as valid as an originally signed counterpart.

## **SECTION 6 OFFICERS AND APPOINTEES OF THE BOARD**

### **(1) Appointment of Officers**

The Directors may designate the offices of the Corporation, appoint as officers individuals of full capacity, specify their duties and delegate to them powers to manage the business and affairs of the Corporation, except those powers referred to in section 4 which may not be delegated to a committee of Directors. Unless required by the By-laws, an Officer does not have to be a Director. The same individual may hold two or more offices of the Corporation.

### **(2) Term of Office**

An Officer holds office from the date of the Officer's appointment until a successor is appointed or until the Officer's resignation or removal. An officer may resign by giving written notice to the Board. All Officers are subject to removal by the Board, with or without cause.

### **(3) Duties of Officers**

An Officer has all the powers and authority and must perform all the duties usually incident to, or specified in the By-laws or by the Board for, the office held.

### **(4) Remuneration**

The Officers are entitled to receive remuneration for their services in the amount the Board determines. The Directors must disclose to the Shareholders the aggregate remuneration paid to the chief executive officer, chief financial officer and each of the three most highly compensated other Officers where annual compensation exceeded \$150,000 or such other amount prescribed under applicable law. The disclosure must be in a written document to be placed before the Shareholders at every annual meeting of Shareholders and must relate to the same time period as the financial statements required to be presented at the meeting relate to.

### **(5) Chairperson of the Board**

If appointed and present at the meeting, the Chairperson of the Board presides at all meetings of the Directors and at all meetings of Shareholders. The Chairperson of the Board must be a Director.

### **(6) Lead Director**

If appointed, the Lead Director is responsible to aid and assist the Chairperson of the Board and the independent Directors of the Board in assuring effective and independent corporate governance in managing the affairs of the Board and the Corporation. If the Chairperson of the Board is absent from any meeting of the Board, or if the Chairperson of the Board is in any potential conflict of

interest with respect to the purpose of the business to be transacted at the meeting, the Lead Director shall preside over the meeting or that portion of the meeting.

The Lead Director, if appointed, must be independent within the meaning of applicable securities laws.

**(7) President**

If appointed, the President is responsible for the management of the business and affairs of the Corporation. The President may not preside as chairperson at any meeting of the Directors or of any committee of Directors unless the President is a Director.

**(8) Vice-President**

During the absence or disability of the President, or if no President has been appointed, the Vice-President or if there is more than one, the Vice-President designated by the Board, exercises the functions of the office of the President.

**(9) Secretary**

If appointed, the Secretary shall call meetings of the Directors or of a committee of Directors at the request of a Director. The Secretary shall attend all meetings of Directors, of committees of Directors and of Shareholders and prepare and maintain a record of the minutes of the proceedings. The Secretary is the custodian of the corporate seal, the minute book and all records, documents and instruments belonging to the Corporation.

**(10) Treasurer**

If appointed, the Treasurer is responsible for the preparation and maintenance of proper accounting records, the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. The Treasurer must render to the Board an account of all financial transactions of the Corporation upon request.

**(11) Agents and Attorneys**

The Board has the power to appoint agents or attorneys for the Corporation in or outside of Canada with any power the Board considers advisable.

**SECTION 7  
CONFLICT OF INTEREST**

**(1) Disclosure of Interest**

A Director or Officer who:

- (a) is a party to a material contract or proposed material contract with the Corporation; or
- (b) is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with the corporation,

must disclose in writing to the Corporation or request to have entered in the minutes of meetings of the Directors the nature and extent of the Director's or Officer's interest.

## **(2) Approval and Voting**

A Director or Officer must disclose in writing to the Corporation, or request to have entered in the minutes of meetings of Directors, the nature and extent of the Director's or Officer's interest in a material contract or proposed material contract if the contract is one that in the ordinary course of the Corporation's business would not require approval by the Board or the Shareholders. The disclosure must be made immediately after the Director or Officer becomes aware of the contract or proposed contract. A Director who is required to disclose an interest in a material contract or proposed material contract may not vote on any resolution to approve the contract unless the contract is:

- (a) a contract in which, but only to the extent that, the Director undertakes an obligation or obligations for the benefit of the corporation;
- (b) a contract relating primarily to the Director's remuneration as a Director or Officer, employee or agent of the Corporation or as a director, officer, employee or agent of an affiliate;
- (c) a contract for indemnity or insurance under the ABCA; or
- (d) a contract with an affiliate.

## **(3) Effect of Conflict of Interest**

If a material contract is made between the Corporation and a Director or Officer, or between the Corporation and another person of which a Director or Officer is a director or officer or in which the Director or Officer has a material interest:

- (a) the contract is neither void nor voidable by reason only of that relationship, or by reason only that a Director with an interest in the contract is present at or is counted to determine the presence of a quorum at a meeting of Directors or committee of Directors that authorized the contract; and
- (b) a Director or Officer or former Director or Officer to whom a profit accrues as a result of the making of the contract is not liable to account to the Corporation for that profit by reason only of holding office as a Director or Officer,

if the Director or Officer disclosed the Director's or Officer's interest in the contract in the manner prescribed by the ABCA and the contract was approved by the Board or the Shareholders and was reasonable and fair to the Corporation at the time it was approved.

## SECTION 8 LIABILITY AND INDEMNIFICATION

### (1) Limitation of Liability

Every Director and Officer in exercising the powers and discharging the duties of office must act honestly and in good faith with a view to the best interests of the Corporation and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No Director or Officer is liable for:

- (a) the acts, omissions or defaults of any other Director or Officer or an employee of the Corporation;
- (b) any loss, damage or expense incurred by the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation;
- (c) the insufficiency or deficiency of any security in or upon which any of the money of the Corporation is invested;
- (d) any loss or damage arising from the bankruptcy, insolvency or tortious or criminal acts of any person with whom any of the Corporation's money is, or securities or other property are, deposited;
- (e) any loss occasioned by any error of judgement or oversight; or
- (f) any other loss, damage or misfortune which occurs in the execution of the duties of office or in relation to it,

unless occasioned by the wilful neglect or default of that Director or Officer. Nothing in this By-law relieves any Director or Officer of any liability imposed by the ABCA or otherwise by law.

### (2) Indemnity

The Corporation shall indemnify a Director or Officer, a former Director or Officer and a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor (the "**Indemnified Parties**") and the heirs and legal representatives of each of them, against all costs, charges and expenses, which includes, without limiting the generality of the foregoing, the fees, charges and disbursements of legal counsel on an as-between-a-solicitor-and-the-solicitor's-own-client basis and an amount paid to settle an action or satisfy a judgement, reasonably incurred by an Indemnified Party, or the heirs or legal representatives of an Indemnified Party, or both, in respect of any civil, criminal, administrative, investigative or other action or proceeding to which any of them is made a party by reason of an Indemnified Party being or having been a Director or Officer or a director or officer of that body corporate, or in respect of any civil, criminal, administrative, investigative or other action or proceeding in which any of them is involved in, but not a formal party to, if:

- (a) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation; and

- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Party had reasonable grounds for believing that the Indemnified Party's conduct was lawful.

The Corporation shall indemnify an Indemnified Party and the heirs and legal representatives of an Indemnified Party in any other circumstances that the ABCA permits or requires. Nothing in this By-law limits the right of a person entitled to indemnity to claim indemnity apart from the provisions of this By-law.

**(3) Insurance**

The Corporation may purchase and maintain insurance for the benefit of a person referred to in subsection (2) against the liabilities and in the amounts the ABCA permits and the Board approves.

**(4) Advance of Costs**

The Corporation shall, to the maximum extent permitted under the ABCA or otherwise by law, advance moneys to an Indemnified Party to defray the costs, charges and expenses of a proceeding referred to in subsection (2) provided such individual shall repay the moneys advanced if the individual does not fulfil the conditions for indemnification set forth in the ABCA.

**(5) Court Approval**

The Corporation shall use reasonable commercial efforts to obtain any court or other approvals necessary for any indemnification pursuant to subsection (2).

**(6) Indemnities Not Exclusive**

The rights of any person to indemnification granted by the ABCA or these By-laws are not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of Shareholders or Directors, at law or otherwise, and shall continue as to a person who has ceased to be a Director, Officer or employee and will enure to the benefit of the heirs and legal representatives of that person.

## **SECTION 9 SECURITIES**

**(1) Shares**

Shares of the Corporation may be issued at the times, to the persons and for the consideration the Board determines. No share may be issued until the consideration for the share is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

**(2) Options and Other Rights to Acquire Securities**

The Corporation may issue certificates, warrants or other evidences of conversion privileges, options or rights to acquire securities of the Corporation. The conditions attached to the conversion

privileges, options and rights must be set out in the certificates, warrants or other evidences or in certificates evidencing the securities to which the conversion privileges, options or rights are attached.

### **(3) Commissions**

The Boards may authorize the Corporation to pay a reasonable commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation.

### **(4) Securities Register**

The Corporation shall prepare and maintain, or cause to be prepared and maintained, at its records office a securities register in which it records the securities issued by it in registered form, showing with respect to each class or series of securities:

- (a) the names, alphabetically arranged and the latest known address of each person who is or has been a security holder;
- (b) the number of securities held by each security holder; and
- (c) the date and particulars of the issue and transfer of each security.

The Corporation shall keep information relating to a security holder that is entered in the securities register for at least seven years after the security holder ceases to be a security holder.

### **(5) Transfer Agents and Registrars**

The Corporation may appoint one or more trust corporations as its agent to maintain a central securities register and one or more agents to maintain a branch securities register. An agent may be designated as a transfer agent or a branch transfer agent, and a registrar, according to the agent's function. An agent's appointment may be terminated at any time. The Board may provide for the registration or transfer of securities by a transfer agent, branch transfer agent or registrar.

### **(6) Dealings with Registered Holders**

The Corporation may treat the registered owner of a security as the person exclusively entitled to vote, to receive notices, to receive any interest, dividend or other payments in respect of the security, and otherwise to exercise all the rights and powers of an owner of the security.

### **(7) Transfers of Securities**

Securities of the Corporation may be transferred in the form of a transfer endorsement on the security certificates issued in respect of the securities of the Corporation, or in any form of transfer endorsement which may be approved by resolution of the Board.

## **(8) Registration of Transfers**

If a security in registered form is presented for registration of transfer, the Corporation must register the transfer if:

- (a) the security is endorsed by the person specified by the security or by special endorsement to be entitled to the security or by the person's successor, fiduciary, survivor, attorney or authorized agent, as the case may be;
- (b) reasonable assurance is given that the endorsement is genuine and effective;
- (c) the Corporation has no duty to inquire into adverse claims, or has discharged its duty to do so;
- (d) any applicable law relating to the collection of taxes has been complied with;
- (e) the transfer is rightful or is to a bona fide purchaser; and
- (f) the fee prescribed by the Board for a security certificate issued in respect of a transfer has been paid.

## **(9) Lien**

If the Articles provide that the Corporation has a lien on a share registered in the name of a Shareholder or the Shareholder's legal representative for a debt of the Shareholder to the Corporation, and the Shareholder is indebted to the Corporation, the Corporation may refuse to register any transfer of the holder's shares pending enforcement of the lien.

## **(10) Security Certificates**

Security certificates (including in electronic form) and acknowledgements of a security holder's right to obtain a security certificate must be in a form the Board approves by resolution. A security certificate must be signed by at least one Director or Officer. Unless the Board otherwise determines, security certificates representing securities in respect of which a transfer agent or registrar has been appointed are not valid unless countersigned by or on behalf of the transfer agent or registrar. Any signature may be printed or otherwise mechanically or electronically reproduced on a security certificate. If a security certificate contains a printed or mechanically or electronically reproduced signature of a person, the Corporation may issue the security certificate, notwithstanding that the person has ceased to be a Director or Officer, and the security certificate is as valid as if the person were a Director or Officer at the date of issue.

## **(11) Entitlement to a Security Certificate**

A security holder is entitled at the holder's option to a security certificate or to a non-transferable written acknowledgement of the holder's right to obtain a security certificate from the Corporation in respect of the securities of the Corporation held by that holder.

## **(12) Securities Held Jointly**

The Corporation is not required to issue more than one security certificate in respect of securities held jointly by several persons. Delivery of a certificate to one of the joint holders is sufficient delivery to all of them. Any one of the joint holders may give effectual receipts for the certificate issued in respect of the securities or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of the security.

## **(13) Replacement of Security Certificates**

The Board or an Officer or agent designated by the Board may in its or the Officer's or agent's discretion direct the issue of a new security certificate in place of a certificate that has been lost, destroyed or wrongfully taken. A new security certificate may be issued only on payment of a reasonable fee and on any terms as to indemnity, reimbursement of expenses and evidence of loss of title as the Board may prescribe.

## **(14) Fractional Shares**

The Corporation may issue a certificate for a fractional share or may issue in its place scrip certificates in a form that entitles the holder to receive a certificate for a full share by exchanging scrip certificates aggregating a full share. The Directors may attach conditions to any scrip certificates issued by the Corporation, including conditions that:

- (a) the scrip certificates become void if they are not exchanged for a share certificate representing a full share before a specified date; and
- (b) any shares for which those scrip certificates are exchanged may, notwithstanding any preemptive right, be issued by the Corporation to any person and the proceeds of those shares distributed rateably to the holders of the scrip certificates.

## **SECTION 10 MEETINGS OF SHAREHOLDERS**

### **(1) Annual Meeting of Shareholders**

The Board must call an annual meeting of Shareholders to be held not later than 18 months after the date of incorporation and subsequently, not later than 15 months after holding the last preceding annual meeting. An annual meeting is to be held for the purposes of considering the financial statements and auditor's report, fixing the number of Directors for the following year, electing Directors, appointing an auditor and transacting any other business that may properly be brought before the meeting.

### **(2) Special Meetings of Shareholders**

The Board may at any time call a special meeting of Shareholders.

### **(3) Special Business**

All business transacted at a special meeting of Shareholders and all business transacted at an annual meeting of Shareholders, except consideration of the financial statements and auditor's report, fixing the number of Directors for the following year, election of Directors and reappointment of the incumbent auditor, is deemed to be special business.

### **(4) Place and Time of Meetings**

Subject to subsection (5), meetings of Shareholders may be held at the place within Alberta and at the time the Board determines. A meeting of Shareholders may be held outside Alberta if all the Shareholders entitled to vote at that meeting agree to holding the meeting outside Alberta. A Shareholder who attends a meeting of Shareholders held outside Alberta is deemed to have agreed to holding the meeting outside Alberta, except when the Shareholder attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

### **(5) Electronic Meetings**

If the Directors or Shareholders of the Corporation call a meeting of Shareholders, those Directors or Shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the ABCA, entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting. A Shareholder participating in a meeting by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting is deemed to be present at the meeting.

### **(6) Notice of Meetings**

Notice of the time and place of a meeting of Shareholders must be sent not less than 21 days and not more than 50 days before the meeting to:

- (a) each Shareholder entitled to vote at the meeting;
- (b) each Director; and
- (c) the auditor of the Corporation.

Notice of a meeting of Shareholders called for the purpose of transacting any business other than consideration of the financial statements and auditor's report, fixing the number of Directors for the following year, election of Directors and reappointment of the incumbent auditor must state the nature of the business to be transacted in sufficient detail to permit a Shareholder to form a reasoned judgment on that business and must state the text of any special resolution to be submitted to the meeting.

## **(7) Notice of Adjourned Meetings**

The chairperson of the meeting of Shareholders may, and if so directed by the Shareholders present at a meeting of Shareholders, must adjourn that meeting to another fixed time and place. If a meeting of Shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days, it is not necessary to give notice of the adjourned meeting, other than by verbal announcement at the time of the adjournment. If a meeting of Shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting must be given as for the original meeting. The adjourned meeting may proceed with the business to have been transacted at the original meeting, even though a quorum is not present at the adjourned meeting.

## **(8) Waiver of Notice**

A Shareholder and any other person entitled to attend a meeting of Shareholders may waive in any manner notice of a meeting of Shareholders. Attendance of a Shareholder or other person at a meeting of Shareholders is a waiver of notice of the meeting, except when the Shareholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **(9) Shareholder List**

If the Corporation has more than 15 Shareholders entitled to vote at a meeting of Shareholders, the Corporation must prepare a list of Shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each Shareholder,

- (a) if a Record Date is fixed, not later than 10 days after that date; or
- (b) if no Record Date is fixed,
  - (i) at the close of business on the last business day preceding the day on which the notice is given, or
  - (ii) if no notice is given, on the day on which the meeting is held.

A Shareholder may examine the list of Shareholders:

- (c) during usual business hours at the Corporation's records office or at the place where its central securities register is maintained; and
- (d) at the meeting of Shareholders for which the list was prepared.

## **(10) Persons Entitled to Vote**

A person named in a list of Shareholders is entitled to vote the shares shown opposite the person's name at the meeting to which the list relates, except to the extent that:

- (a)
  - (i) if a Record Date is fixed, the person transfers ownership of any of the person's shares after the Record Date, or
  - (ii) if no Record Date is fixed, the person transfers ownership of any of the person's shares after the date on which the list of Shareholders is prepared; and
- (b) the transferee of those shares
  - (i) produces properly endorsed share certificates, or
  - (ii) otherwise establishes ownership of the shares,and demands, not later than 10 days before the meeting, that the transferee's name be included in the list before the meeting,

in which case the transferee is entitled to vote the shares.

#### **(11) Chairperson of Meetings**

The chairperson of any meeting of Shareholders is the first mentioned of the following Officers (if appointed) who is present at the meeting: Chairperson of the Board, Lead Director, President, Chief Executive Officer, Chief Financial Officer, Corporate Secretary, or the person appointed by the Chairperson of the Board in advance of the meeting of Shareholders. If none of the foregoing are present, the Shareholders present and entitled to vote at the meeting may choose a chairperson from among those individuals present.

#### **(12) Scrutineer**

If desired, one or more scrutineers, who need not be Shareholders, may be appointed by resolution or by the chairperson of the meeting with the consent of the meeting.

#### **(13) Procedure at Meetings**

The chairperson of any meeting of Shareholders shall conduct the proceedings at the meeting in all respects. The chairperson's decision on any matter or thing relating to procedure, including, without limiting the generality of the foregoing, any question regarding the validity of any instrument of proxy or other evidence of authority to vote, is conclusive and binding upon the Shareholders.

#### **(14) Persons Entitled to be Present**

The only persons entitled to be present at a meeting of Shareholders are:

- (a) the Shareholders entitled to vote at the meeting;
- (b) the Directors;
- (c) the auditor of the Corporation; and

- (d) any others who, although not entitled to vote, are entitled or required under any provision of the ABCA, any unanimous shareholder agreement, the Articles or the By-laws to be present at the meeting.

Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

#### **(15) Quorum**

A quorum of Shareholders is present at a meeting of Shareholders if at least two persons are present in person or by proxy, each of whom is entitled to vote at the meeting, and who hold or represent by proxy in the aggregate not less than 25% of the shares entitled to be voted at the meeting. If any share entitled to be voted at a meeting of Shareholders is held by two or more persons jointly, the persons or those of them who attend the meeting of Shareholders constitute only one Shareholder for the purpose of determining whether a quorum of Shareholders is present.

#### **(16) Loss of Quorum**

If a quorum is present at the opening of a meeting of Shareholders, the Shareholders present or represented by proxy may proceed with the business of the meeting, even if a quorum is not present throughout the meeting. If a quorum is not present at the opening of a meeting of Shareholders, the Shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

#### **(17) Proxy Holders and Representatives**

Every Shareholder entitled to vote at a meeting of Shareholders may, by means of a proxy, appoint a proxy holder and one or more alternate proxy holders, who are not required to be Shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.

An instrument of proxy shall conform to the requirements of the ABCA and any requirements established by the Board. The decision of the chairperson of the meeting on any question regarding the validity or invalidity of any instruments of proxy in respect of that instrument of proxy's conformance to such requirements and any question as to the admission or rejection of a vote shall be conclusive and binding upon the Shareholders. The chairperson of the meeting shall have the right to waive or extend any proxy deposit deadlines in his or her sole discretion, subject to the ABCA.

A Shareholder that is a body corporate or association may, by resolution of its directors or governing body, authorize an individual to represent it at a meeting of Shareholders. That individual's authority may be established by depositing with the Corporation prior to the commencement of the meeting a certified copy of the resolution passed by the Shareholder's directors or governing body or other evidence of the individual's authority to vote. A resolution or other evidence of authority to vote is valid only at the meeting in respect of which it is given or any adjournment of that meeting.

## **(18) Time for Deposit of Proxies**

The Board may specify in a notice calling a meeting of Shareholders a time not exceeding 48 hours, excluding Saturdays and holidays, preceding the meeting or an adjournment of the meeting before which proxies to be used at the meeting must be deposited with the Corporation or its agent. If no time for the deposit of proxies has been specified in a notice calling a meeting of Shareholders, a proxy to be used at the meeting must be deposited with the Secretary of the Corporation or the chairperson of the meeting prior to the commencement of the meeting.

## **(19) Revocation of Proxies**

A Shareholder may revoke a proxy:

- (a) by depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing:
  - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or an adjournment of that meeting, at which the proxy is to be used, or
  - (ii) with the chairperson of the meeting on the day of the meeting or an adjournment of the meeting; or
- (b) in any other manner permitted by law.

## **(20) Joint Shareholders**

If two or more persons hold shares jointly, one of those holders present at a meeting of Shareholders may, in the absence of the others, vote the shares. If two or more of those persons are present in person or by proxy, they must vote as one on the shares jointly held by them.

## **(21) Decision on Questions**

At every meeting of Shareholders all questions proposed for the consideration of Shareholders must be decided by the majority of votes, unless otherwise required by the ABCA or the Articles. In the case of an equality of votes, the chairperson of the meeting does not, either on a show of hands or verbal poll or on a ballot, have a casting vote in addition to the vote or votes to which the chairperson may be entitled as a Shareholder or proxy holder.

## **(22) Voting by Show of Hands or Verbal Poll**

Subject to subsections (23) and (24), voting at a meeting of Shareholders shall be by a show of hands or verbal poll of those present in person or represented by proxy or by a verbal poll of those present by telephone or other communication facilities. When a vote by show of hands or verbal poll has been taken upon a question, a declaration by the chairperson of the meeting that the vote has been carried, carried by a particular majority or not carried, an entry to that effect in the minutes of the meeting is conclusive evidence of the fact without proof of the number of votes recorded in favour of or against any resolution or other proceeding in respect of the question.

### **(23) Voting by Ballot**

If a ballot is required by the chairperson of the meeting or is demanded by a Shareholder or proxy holder entitled to vote at the meeting, either before or on the declaration of the result of a vote by a show of hands or verbal poll, voting must be by ballot. A demand for a ballot may be withdrawn at any time before the ballot is taken. If a ballot is taken on a question, a prior vote on that question by show of hands or verbal poll has no effect.

### **(24) Electronic Voting**

Notwithstanding subsection (23), any vote referred to in subsection (22) may be held, in accordance with the ABCA, partially or entirely by electronic means, telephone or other communication facility, if the Corporation has made available such a facility.

Any person participating in a meeting of Shareholders under subsections (10) or (17) and entitled to vote at the meeting may vote, in accordance with the ABCA by electronic means, telephone or other communication facility that the Corporation has made available for such purpose.

### **(25) Number of Votes**

At every meeting a Shareholder present in person or represented by proxy or present by telephone or other communication facilities and entitled to vote has one vote for each share held.

### **(26) Resolution in Lieu of Meeting**

A resolution in writing signed by all the Shareholders entitled to vote on that resolution at a meeting of Shareholders is as valid as if it had been passed at a meeting of Shareholders. A resolution in writing takes effect on the date it is expressed to be effective.

A resolution in writing may be signed in one or more counterparts, all of which together constitute the same resolution. A counterpart signed by a Shareholder and transmitted by facsimile or other device capable of transmitting a printed message is as valid as an originally signed counterpart.

## **SECTION 11 NOTICES**

### **(1) Method of Giving Notices**

Any notice (which term includes any communication or contract document or instrument in writing, or electronic document) to be given (which term includes sent, delivered or served) pursuant to the ABCA, the Articles or the By-laws or otherwise to a Shareholder, Director, Officer, or auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's record address or if mailed to such person at such record address by prepaid mail or if sent to such person by electronic means as permitted by, and in accordance with, the ABCA. The Secretary may change or cause to be changed the Recorded Address of any Shareholder, Director, Officer, auditor or member of a committee of the Board in accordance with any information believed by the Secretary to be

reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law.

**(2) Notice to Joint Shareholders**

If two or more persons are registered as joint holders of any share, a notice or document may be sent or delivered to all of them, but notice given to any one joint Shareholder is sufficient notice to the others.

**(3) Notice to Successors**

Every person who, by operation of law, transfer, death of a Shareholder or any other means becomes entitled to any share, is bound by every notice in respect of the share which is sent or delivered to the Shareholder prior to the person's name and address being entered in the Corporation's securities register and prior to the person furnishing proof of authority or evidence of entitlement as prescribed by the ABCA. This subsection applies whether the notice was given before or after the event which resulted in the person becoming entitled to the share.

**(4) Non-Receipt of Notices**

If a notice or document is sent to a Shareholder, Director, Officer or auditor of the Corporation in accordance with subsection (1) and the notice or document is returned on two consecutive occasions, the Corporation is not required to give any further notice or documents to the person until that person informs the Corporation in writing of the person's new address.

**(5) Failure to Give Notice**

The accidental failure to give a notice to a Shareholder, Director, Officer or auditor of the Corporation, the non-receipt of a notice by the intended recipient or any error in a notice not affecting its substance does not invalidate any action taken at the meeting to which the notice relates.

**(6) Execution of Notices**

Unless otherwise provided, the signature of any person designated by resolution of the Board to sign a notice or document on behalf of the Corporation may be written, stamped, typewritten or printed.

**AMENDED AND RESTATED** by the Directors as evidenced by the signature of the following Director effective the 2<sup>nd</sup> day of November, 2022.



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Marcel Kessler – Chair of the Board

**CONFIRMED** by the Shareholders as evidenced by the signature of the following Shareholder effective the \_\_\_\_ day of \_\_\_\_\_, 2023.

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Printed Name of Shareholder

---

Signature of Shareholder



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