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# 1 Currency of the Mandate

This mandate was reviewed and approved by the Board of Directors on February 26, 2019.

## 2 Purpose

The Board of Directors (“Board”) of Pason Systems Inc. (“Pason”) has the duty to oversee the management of the business and affairs of Pason. In discharging its duties and responsibilities and under applicable laws, the Board is required to act honestly and in good faith with a view to the best interests of Pason and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The organization of the Board and its authority and procedures are subject to the *Alberta Business Corporations Act* and Pason’s constating documents and by-laws. Pason is also subject to other applicable laws and stock exchange requirements. The role of the Board is one of stewardship and oversight of the management of Pason. Pason has officers and employees responsible for the day-to-day management and conduct of the business of Pason and the implementation of the strategic plan approved by the Board. The Board seeks to ensure that Pason conducts its business with honesty and integrity, with a view of creating sustainable and long-term value and profitable growth. The role of the Board has two fundamental elements: decision-making and oversight. The decision-making function is exercised with respect to the formulation with management of fundamental policies and strategic goals and through the approval of certain significant actions; the oversight function concerns the review of management decisions, the adequacy of systems and controls and the implementation of policies. The Board establishes formal delegations of authority by defining the limits of management’s power and authority and by delegating to management certain powers to manage the business of Pason. Any responsibilities not delegated to management remain with the Board and its committees.

## 3 Mandate

The Board's responsibilities shall include:

### 3.1 General

- The adoption of a strategic planning process considering annual monitoring, review, and updating of the strategic plan.
- The review and approval of a strategic plan, which takes into account, among other things, the culture and nature of Pason and the opportunities and risks, associated with the business of Pason.
- The oversight of the succession planning processes including the selection, appointment, development, evaluation and compensation of the Chairman of the Board and the CEO.
- The oversight of a process to identify the principal business risks associated with the strategic plan, and the business of Pason, and the implementation of appropriate systems to manage these risks.
- The annual review of Pason's director and officer liability insurance.
- Makes decisions with regard to:
  - material acquisitions and divestitures;
  - equity financings of Pason, and the payment of any commissions and fees in connection thereto;
  - material debt financings and material guarantees in favour of third parties;
  - establishing and amending the policies of Pason for borrowing, distributing and loaning funds;
  - appointment or removal of senior officers
  - submitting to the shareholders of Pason, as applicable, any matters requiring their respective approval;.
  - issuing securities and purchasing, redeeming, or otherwise acquiring securities issued by Pason;
  - dividend policy and declaration of dividends;
  - approving the annual Management Proxy Circular and the Annual Information Form of Pason;
  - approving the financial statements of Pason; and
  - adopting, amending or repealing the by-laws of Pason.

### 3.2 Governance

- Establishing an appropriate system of corporate governance, including practices to ensure that the Board functions independently of management.

- Ensuring that all new directors receive a comprehensive orientation and that appropriate continuing education opportunities are provided for all directors.
- Having regard to the advice of the Corporate Governance and Nomination Committee with respect to the evaluation and effectiveness of the Board, its members and its committees, identify actions, if any, for follow up.
- Developing measures for receiving feedback from shareholders and other stakeholders.
- The adoption and review of Pason's corporate communications and disclosure policies which, among other matters, (i) promotes consistent disclosure practices aimed at accurate, informative, continuous, timely and broadly disseminated disclosure of material information to the markets, (ii) addresses how Pason interacts with investment analysts and the public, and (iii) contains measures to avoid selective disclosure.
- Having regard to the advice and input of the Corporate Governance and Nomination Committee, adopt a Code of Business Conduct and Ethics for directors, officers, and employees of Pason and its subsidiaries and monitor compliance with it.
- Having regard to the advice of the Corporate Governance and Nomination Committee, measure the performance of the Board, its committees and its members, and create and implement plans to ensure the Board maintains the skills necessary to fulfill its mandate.
- To the extent feasible, satisfy itself of the integrity of the Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO") and that the CEO, CFO and management create a culture of integrity throughout Pason and its subsidiaries.

### **3.3 Audit**

- Having regard to the advice and input of the Audit Committee, the oversight of compliance with applicable audit, accounting and financial reporting requirements, and the approval of annual and interim financial statements and the operating and capital budgets.
- Having regard to the advice and input of the Audit Committee, establish and oversee that appropriate controls are in place with respect to applicable certification requirements regarding Pason's financial and other disclosures.
- Having regard to the advice and input of the Audit Committee, establish and oversee the integrity of Pason's internal control and management information systems.
- Having regard to the advice and input of the Audit Committee, designate nominees for appointment or re-appointment as external auditors of Pason, the final decision with respect thereto to be made by the shareholders of Pason.

### **3.4 Compensation**

- Having regard to the advice of the Corporate Governance and Nomination Committee, approve Director compensation.
- Having regard to the advice of the Human Resources and Compensation Committee, approve executive compensation policies and plans.



- A review of executive compensation discussion and analysis disclosure of Pason in its Information Circular, and be satisfied that the overall compensation philosophy and policy for executives is adequately disclosed and describes in sufficient detail the rationale for salary levels, incentive payments, restricted unit grants, stock options, pensions and all other components of executive compensation.
- In general, to provide oversight of the human resources and compensation matters of Pason.



## 4 Membership and Organization

### 4.1 Board Committees

The Board shall have the following standing committees:

- a. Audit Committee;
- b. Human Resources and Compensation Committee;
- c. Corporate Governance and Nomination Committee.

At each meeting of the Board, committees of the Board shall report any recent developments or activities undertaken by the respective committees.

Appointment of members to standing committees shall be the responsibility of the Board, having received the recommendation of the Corporate Governance and Nomination Committee. In this regard, consideration will be given to rotating committee members from time to time and to the special skills of particular directors. Committee chairs will be selected by the Board, or in the event of its failure to do so, by the Committee's members. At the recommendation of the Corporate Governance and Nomination Committee, the Board shall regularly review the position descriptions for the CEO, CFO and Corporate Secretary.

In discharging his or her obligations, an individual director may engage outside advisors, at the expense of Pason, in appropriate circumstances and subject to the approval of the Corporate Governance and Nomination Committee. In addition, any committee of the Board has the authority to engage outside advisors without prior approval of the Corporate Governance and Nomination Committee.

### 4.2 Chair of the Board/Lead Director

The Board shall be responsible for the selection of the Chair of the Board following receipt of the recommendation of the Corporate Governance and Nomination Committee. If the Chair of the Board is an Executive Chair or is not independent of the management, the Board shall appoint a Lead Director who is independent of management. The Lead Director shall assume all duties and responsibilities of the Chair in his or her absence.

#### 4.2.1 Duties and Responsibilities of the Chair of the Board/Lead Director

In addition to the duties of the Board, as set forth in this Mandate, the additional responsibilities of the Board Chair are as follows:

- Is a member of the Board with the duties and responsibilities as set out in this Mandate.
- Provide leadership to the Board of Directors, which sets corporate policy and to whom the CEO is accountable.
- Chair meetings of the Board and shareholder meetings.
- Lead the Board in evaluating the performance of the CEO.

- Work with the committees and other Board members to annually evaluate the performance of Pason in achieving its mission.
- Help guide and mediate Board actions with respect to organizational priorities and governance concerns

### **4.3 Meetings**

The Board shall meet at least quarterly, and at such other times during the year as it deems appropriate. In addition, the Chair of the Board or any member of the Board may call a meeting of the Board. The Board Committees shall meet at least once per year, or at such other times during the year as it deems appropriate. In addition, the Chair of each Committee or any member of a Board Committee may call a meeting of the Board Committee.

Notice of meetings may be provided by mail, email, personal delivery, facsimile or telephone provided that the method of notification chosen shall be capable of being received by members at least 24 hours prior to a meeting.

Information and data that is important to the Board's understanding of the businesses of Pason should be distributed to and reviewed by the Board on a timely basis in advance of the meetings. Management should make every attempt to see that this material is as brief as possible while still providing the information relevant to proposed Board discussions.

As a general rule, presentations on specific subjects should be sent to the Board/Board Committee members in advance so that Board/Board Committee meeting time may be conserved and discussion time focused on questions that the Board/Board Committee has arising from the material.

Senior management should be invited to attend the Board/Board Committee meetings, as appropriate, to expose the directors and/or member of the Board Committee to key members of management and to provide additional insight into the items being considered by the Board/Board Committee.

The Board/Board Committee shall hold an in camera session of the directors and/or members of the Board Committee, without non-independent directors and/or members of the Board Committee and management members or representatives present, at every Board/Board Committee meeting.

### **4.4 Review of Terms of Reference**

The Board shall review and reassess the adequacy of the Board and committee mandates at least once per year, and otherwise as it deems appropriate and implement changes as necessary. Such review shall include the evaluation of the performance of the Board against criteria as provided by the Corporate Governance and Nomination Committee.

### **4.5 Shareholder Communication**

Matters relating to Pason's accounting, internal accounting controls or auditing matters will be referred to the Audit Committee. Other matters will be referred to the Chairman of the Board or



the Lead Director, as appropriate. All communications may be sent to c/o Corporate Secretary, Pason Systems Inc. 6130 3<sup>rd</sup> Street S.E. Calgary, Alberta T2H 1K4

#### **4.6 No Rights Created**

This Mandate does not create any legally binding obligations on the Board, any Board Committee, any Director or Pason.