BEDFORD GROUP TRANSEARCH

THE OIL AND GAS REPORT 2023

EXECUTIVE AND BOARD COMPENSATION AND GOVERNANCE

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About Bedford Group TRANSEARCH

For over 40 years Bedford Group TRANSEARCH has been a leader in executive search for Boards and companies globally, and for the past fourteen years as a source of compensation information and advice. From both perspectives, Bedford understands the importance of competitive compensation and executive acquisition and retention practices as they specifically relate to the oil and gas industry.

Bedford is a leader in executive search and talent management for Canadian and international companies across a variety of industries. We assist clients across Canada and globally from our Canadian offices, supported by our worldwide partners at 60 offices in 40 countries.

How We Can Help You

Bedford 's executive compensation team covers many aspects of executive and board remuneration. We can provide advice on executive compensation, remuneration reports, executive pay benchmarking, reward strategy and pay mix, annual cash incentives, performance metrics and target setting, market trends in compensation, and comparator analysis.

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If you would like further information on any of the areas covered in this report, assistance in interpreting and using this data, or would like to discuss compensation or search for boards and executives, don't hesitate to get in touch with us.

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Introduction

Welcome to "The 2023 Bedford Report on Board & Executive Compensation and Governance" in the oil and gas industry. This report is Bedford's second annual industry-wide study of compensation awards and practices. It is representative of our ongoing commitment to aiding organizations to attract and retain leadership talent with the potential to excel.

For this report, Bedford gathered publicly available information from fiscal 2022 (reported in 2023) for directors, CEOs, CFOs, COOs, and Legal Representatives of 143 Canadian and US-based oil and gas companies.

While most companies were upstream explorers and producers, Bedford also included some midstream, downstream, and integrated operators. This report summarizes our analysis of board and executive good governance and compensation elements including base salary/retainer, long-term and short-term incentives, share ownership requirements, termination, and change of control agreements. Companies were broken out into asset value tiers (as, in today's market, this is the most consistent identifier), with an effort to have a relatively even number of companies falling into each tier.

OVERVIEW OF DATASET			
Assets ($ millions)	Upstream Only	Other (Midstream, Downstream, Or Combination)	# of Companies
Under 100	20	0	20
100 to 500	13	2	15
500 to 1,500	18	3	21
1,500 to 3,000	15	2	17
3,000 to 10,000	22	6	28
10,000 to 30,000	12	9	21
30,000+	7	14	21

Bedford can expand on any information included in this report at a company's request.

Oil and Gas Industry Overview

Despite the increasing regulatory push for decarbonization and an expectation that the demand for fossil fuels will peak in 2030, fossil fuels and conventional power generation will dominate energy investments through 2040 to meet demand, offset declines in existing production fields, and balance the energy system. Over the next 17 years, total annual investment in the energy sector is projected to grow roughly in line with global GDP (between 2 and 4 percent per annum) to reach between $2 trillion and $3.2 trillion[1]. While the average price for Brent Crude was US$100.94 per barrel in 2022, pricing has remained strong through 2023 at US$83.99, with a forecast price of US$93.24 in 2024 and a corresponding increase in global daily demand of 1,000,000 barrels per day[2].

Industry performance, peak inflation rates not seen since the 1980s, and historically low unemployment, all combined to put upward pressure on wages from what was observed by Bedford in the industry from 2021[3]. This pressure is evident in the findings in this report, where CEOs and CFOs in companies across almost all asset tiers saw an increase in total direct compensation from 2021, some experiencing increases over 75%. Further, unlike other industries such as mining and cleantech that experienced significant C-Suite turnover in 2022, the past year was one of relative stability for oil and gas executives[4].

Upward compensation pressure could be more pronounced in Canada, where oil producers are likely to enjoy higher crude prices next year when the TMX pipeline begins transporting about 590,000 bbl/d for export, according to the latest forecast from Deloitte Canada's Resource Evaluation and Advisory (REA) group. The extra marketing capacity added by the TMX pipeline should allow Canadian production to increase by 375,000 barrels per day[5]. An anticipated voluntary cut from OPEC nations will offset increases in Canadian production and counter any downward pressure on oil prices. Access to Western Canadian shipping ports will reduce Canadian dependence on US refiners, which should lead to a narrowing of the WCS pricing differential and further bolster revenues. Consequently, Bedford expects to observe further increases in executive and director compensation in 2023.

The price outlook for natural gas is not as optimistic as that of crude oil. Production levels in Canada and the U.S. are at historic highs, as are storage levels in Europe and North America. With winter temperatures forecast to be unseasonably warm, downward pressure on gas prices is expected to continue.

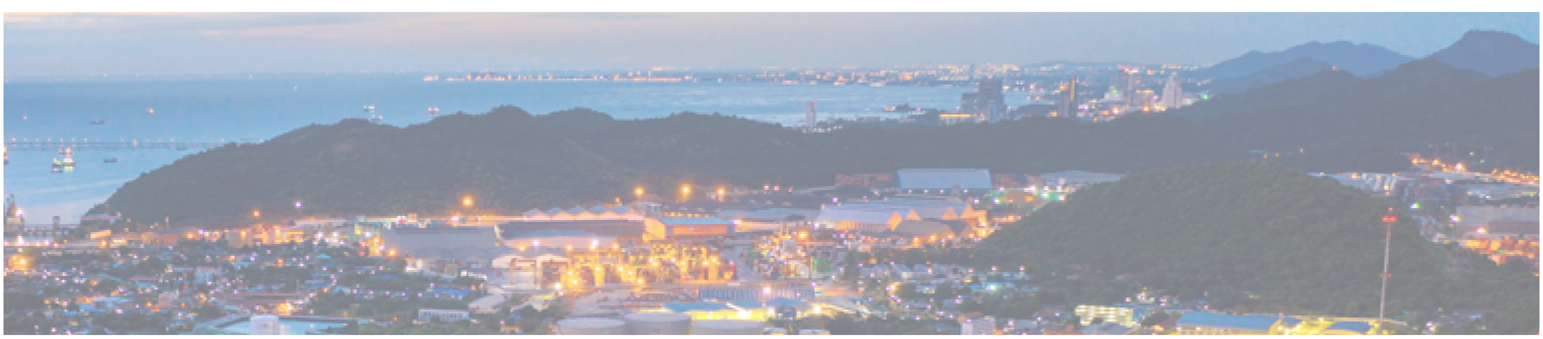
[1] "Global Energy Perspective 2023", McKinsey and Co., November 21st, 2023.
[2] US Energy Administration, November 7th, 2023.
[3] 2022 Bedford Report on Executive and Director Compensation for the Oil and Gas Sector.
[4] 2023 Bedford Reports on Executive and Director Compensation for the Mining and Cleantech Sectors.
[5] "Deloitte predicts higher Canadian crude prices in 2024", Press Release, Calgary, October 4th, 2023.

From a governance perspective, oil and gas companies have made inroads in diversity. The oil and gas industry has the highest percentage of female board members (26.6%) compared to findings from Bedford's mining (21.8%) and clean technology (23.8%) reports. Female representation for oil and gas is in line with the average for TSX-listed companies in 2022 reported by Osler, Hoskin, & Harcourt LLP, where women held 26% of corporate board seats[6]. However, the proportion of female CEOs was the lowest of the three industries, with only 3.2% identifying as female (an increase from 1.9% in 2021). Overall, 11.6% of NEOs identified as female in 2022 compared to 9.7% in 2021. Bedford anticipates that increased focus by shareholder rights groups in the areas of board diversity will continue to have positive effects on the oil and gas industry.

Companies must ensure they are positioned with strong employment agreements and compensation plans that will encourage attracting and retaining key management and executives. Bedford's extensive experience in compensation allows us to provide invaluable expertise in the areas of:

- Peer group development,
- Base salary,
- Equity and non-equity incentive targets and metrics,
- Total compensation packages,
- Equity vehicles and vesting schedules,
- Development of Option, Share and Omnibus Incentive Plans and approval processes with applicable exchanges,
- Termination and change of control practices and agreements,
- Share Ownership guidelines,
- Good governance practices,
- Preparation and review of Proxy and Management Information Circulars,
- Board composition and compensation, and more.

While generalized trends of many of these areas are discussed in the report that follows, Bedford would be pleased to develop company-specific recommendations that consider market cap, asset and enterprise values, revenue, industry, current financial state, and more to ensure a sustainable and market-competitive compensation plan that best suits your business needs.



[6] "2022 Diversity Disclosure Practices – Diversity and Leadership at Canadian Public Companies", Osler, Hoskin, & Harcourt LLP, October 2022.

Objectives and Parameters

The 2023 Bedford Report on Board and Executive Compensation and Governance in the oil and gas industry provides insights and analysis of compensation and good governance with a focus on North American companies. The organizations covered in the report are public.

Dollar Reporting

All currency figures in this report are in Canadian dollars. US company data has been converted to CAD using the Bank of Canada average exchange rate for 2022, being US$1.00 equals CA$1.3013.

Data Collection

Data used in this report was collected in October 2023. Corporate asset values were drawn from company Financial Statements. Compensation data and other personal information are from the companies' proxy circulars via SEDAR or EDGAR, as well as the corporate websites.

Data Treatment, Categorizing, and Outliers

Information varies due to differences in reporting jurisdictions and the listed stock exchange. Compensation data may not be published for some senior management officers, and the roles considered as Named Executive Officers (NEOs) differ between companies. Statistical data does not always correlate between asset value groups.

BEDFORD'S HEADLINE FINDINGS

- **CEO Median Total Compensation:** At the median, CEO total compensation ranged from $425,255 for companies with asset values under $100 million to $16,622,169 for companies with asset values over $30 billion. Median base salary ranged from $270,000 to $1,481,530. Median base salary and total compensation increased at almost all asset tiers from 2022. This reflects the strong performance of the oil and gas industry in 2022.
- **CFO Median Compensation:** Median total compensation ranged from $474,975 for companies with asset values under $100 million to $6,834,769 for companies with asset values over $30 billion. Values for the under $100 million asset tier were slightly higher than those for the CEO due to less full-time CFOs in that tier, resulting in a more limited dataset. Median base salary ranged from $222,000 to $799,372. Like the CEO, total compensation increased at almost all asset tiers.
- **COO Median Compensation:** At the 50th percentile, COO total compensation ranged from $682,350 for companies with asset values under $100 million to $6,441,611 for companies with asset values over $30 billion. Like the CFO, there was a more limited dataset for the under $100 million tier and as such median amounts were higher than they were for the CEO.
- **Board Member Annual Base Retainer Analysis:** 88.8% of the companies analyzed in the dataset have established a set annual retainer for their directors. At the median, companies with asset values below $100M had a base retainer of $31,760 for their members, whereas companies with assets above $30 billion paid closer to $143,143. 58% of companies awarded an additional set equity retainer.
- **Board Chair Base Retainer Analysis:** At the median, companies granted a Board Chair base retainer ranging from $88,753 for companies with asset values under $100 million to $214,715 for companies with asset values over $30 billion.

- **Proportion of Female Board Members:** Of all the board members included in this report, 26.6% identified as female, an increase from 23.4% in 2021.
- **Proportion of Female CEOs and Named Executive Officers:** 3.2% of CEOs identified as female in 2022 compared to 1.9% in 2021. Of the remaining NEOs analyzed in this report, 14.1% identified as female, an increase from 12.0% in 2021.
- **NEO Severance – Termination Without Cause:** 63% of CEOs and 58% of NEOs (excluding CEOs) had an agreement with their company in the event of termination without cause. The most common pay out in the event of termination without cause for CEOs was 24 months of salary and bonus. For NEOs, the most common agreement was for 12 months of salary and bonus.
- **NEO Severance – Change of Control:** 59% of CEOs and 55% of NEOs (excluding CEOs) had an agreement with their company for Change of Control benefits. The most common payout was 24 months' salary and bonus for both CEOs and NEOs. The ISS and Glass Lewis recommend a double trigger event for Change of Control benefits in keeping with good governance practices.

1.0 BOARD OF DIRECTOR COMPENSATION

The 2023 Bedford Report on Board & Executive Compensation and Governance in the oil and gas industry includes data on over 1120 independent board members.

For this report, board member compensation includes fees earned as well as equity-based compensation. It should be noted that some directors also received bonus payments and pension payments. As these are not typical and make up only a small portion of total compensation, they were excluded as individual components of the analysis. Upon request, further information can be provided on “other” compensation elements.

1.1 BOARD MEMBER COMPENSATION

Bedford Headline Findings

- **Total Compensation:** Board member total compensation varied widely at all percentiles and asset tiers. Median total compensation ranged from $48,676 for directors at companies with asset values below $100 million up to $422,923 for directors at companies with asset values over $30 billion.
- **Annual Board Member Base Retainers:** 88.8% of the companies analyzed in the dataset have established a set annual retainer for their directors. At the median, companies with asset values below $100M had a retainer of around $31,760 for their members, whereas companies with assets above $30 billion paid closer to $143,143. Additionally, 58% of companies awarded a set equity retainer.
- **Meeting Attendance Fees:** In 2022, only 8.4% of the companies researched had a dedicated meeting attendance fee (16% in 2021), which ranged from $781 to $3,253. The most common per meeting fee was $1,500 (CAD or USD depending on compensation currency). In Bedford's observations, a per-meeting fee for attending board or committee meetings is becoming less common across all industries. Instead, companies are choosing to grant set annual fees to committee chairs and/or members.
- **Compensation:** A board member's compensation typically consists of the following:
  - a base retainer (paid in cash, equity, or a combination of the two),
  - an additional long-term equity component, typically granted as common stock, RSUs, Options, or DSUs, and intended to align board members with the interests of shareholders,
  - annual committee member fees, and/or additional fees for the committee chairs.

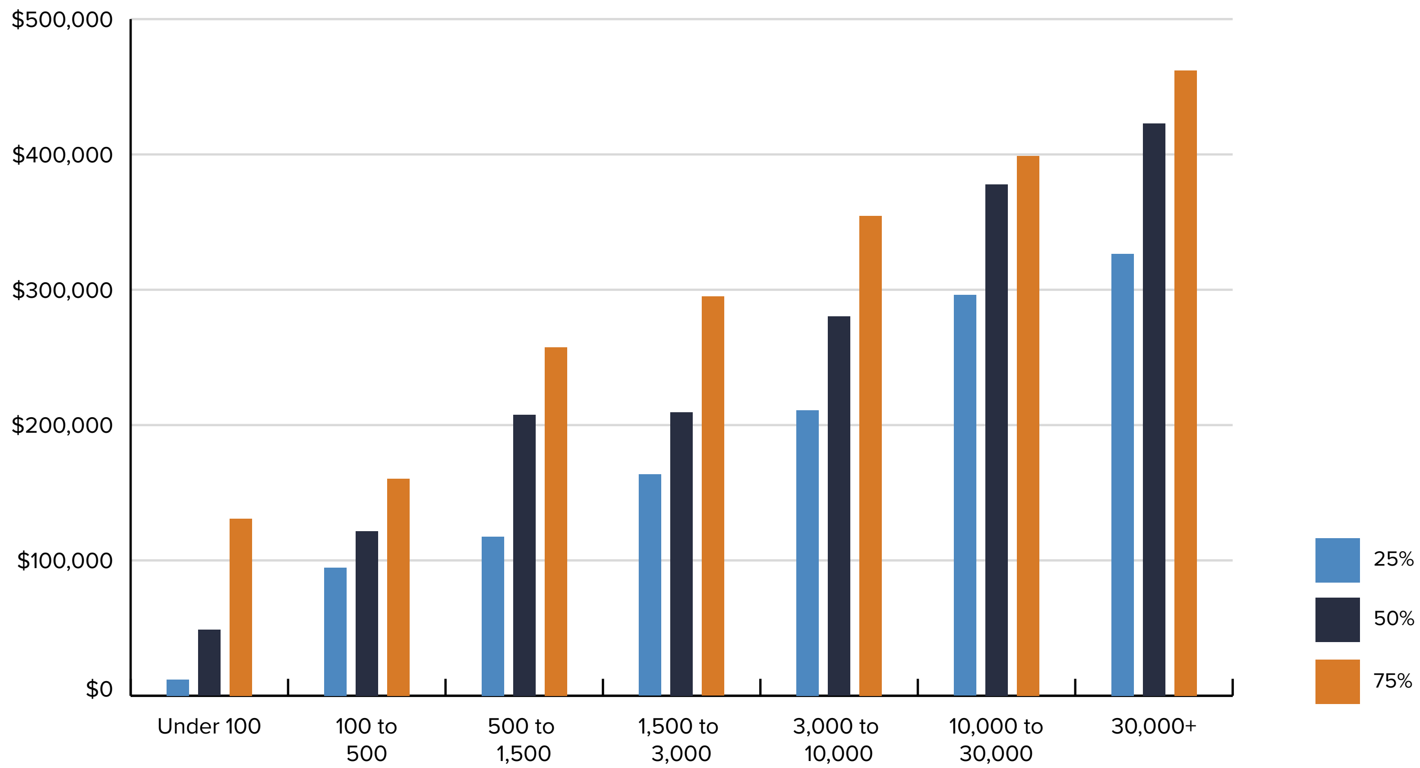
- **Equity-Related Compensation:** Generally, equity is a significant component of total compensation for the oil and gas industry. 89% of board members received an equity grant in 2022. 82% received full-value shares ("shares"), and 11% received stock options, with some directors receiving a combination of both vehicles. There were also companies that grant their annual base retainer in shares or allow their directors to take a portion of their retainer as shares. These grants are frequently used to help directors fulfill their share ownership requirements.
- **Board Member Activity:** 77% of board members took part in at least two or more committees in their respective firms. The most common committees in the oil and gas industry are the Audit committee, Compensation committee, Corporate Governance committee and Reserves committee.
- **Female Board Members:** Of all the board members included in the survey, about 26.6% identified as female, an increase from 23.4% in 2021. The number of lead directors or board chairs who identified as female was 14.2%.

Board Member Total Compensation

- The chart and graph below highlight the median compensation amounts paid to board members at the 25th, 50th, and 75th percentile of their respective asset value tier. Median total compensation increased at almost all asset value tiers since 2021. This is due to an increase in both median retainer and equity grants and reflects the success of the oil and gas market in 2022.

BOARD MEMBER TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at Median from 2021
Under 100	$11,964	$48,676	$130,840	+33%
100 to 500	$94,730	$121,741	$160,352	+16%
500 to 1,500	$117,500	$207,640	$257,457	+4%
1,500 to 3,000	$163,559	$209,561	$294,966	-3%
3,000 to 10,000	$211,000	$280,250	$354,585	+6%
10,000 to 30,000	$296,080	$377,917	$398,851	+6%
30,000+	$326,626	$422,923	$462,025	+11%

Board Member Total Compensation



Compensation Structure

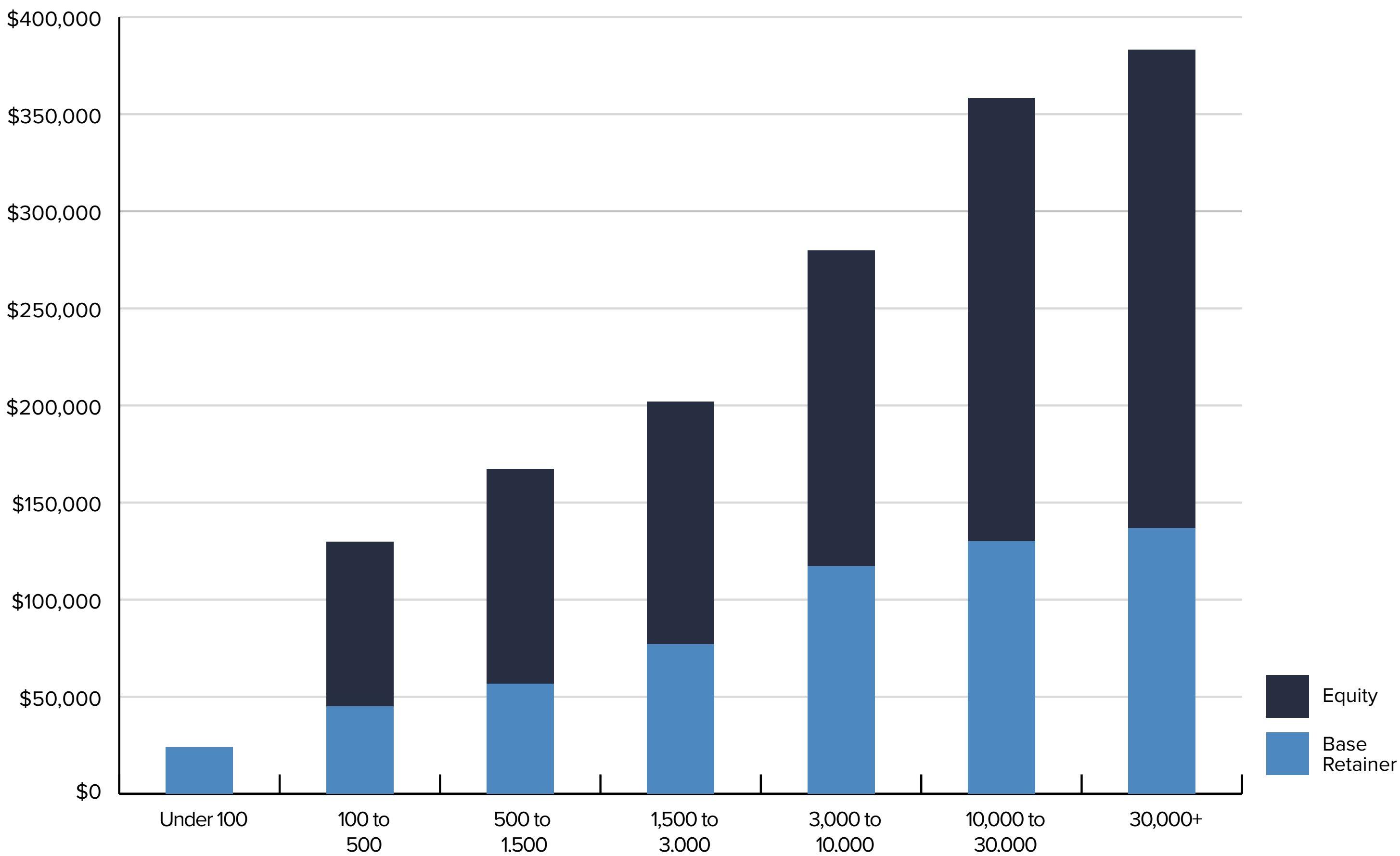
Typically, total compensation of an independent board member consists of three elements: base retainer, committee and/or meeting fees and equity compensation. Some companies also pay short-term incentive payments as well as pension contributions, travel fees or reimbursement for out-of-pocket expenses, often summed as “Other Compensation”. Analysis for these components have not been included in this report, but information can be provided upon request.

In the chart and graphs that follow, "Base Retainer and Committee Fees" includes amounts for base retainer, committee member and/or chair fees, and any portion of the set retainer that is issued as shares. It should be noted that the median values of each cell are calculated individually, so the amounts for Total Compensation are not a sum of each row of data. More than 50% of directors in companies with asset values below $100 million did not receive an equity grant in 2022; therefore, the amount for the 25th and 50th percentiles are $0. Further breakdowns of the below, such as median values of share versus option awards can be provided upon request.

ELEMENTS OF BOARD MEMBER COMPENSATION			
Asset Value ($Millions)	Base Retainer and Committee Fees	Equity	Total Compensation
25th Percentile			
Under 100	$7,808	$0	$11,964
100 to 500	$32,425	$50,000	$94,730
500 to 1,500	$45,000	$65,232	$117,500
1,500 to 3,000	$53,759	$91,095	$163,559
3,000 to 10,000	$74,174	$119,998	$211,000
10,000 to 30,000	$97,598	$162,635	$296,080
30,000+	$115,378	$178,222	$326,626
50th Percentile			
Under 100	$24,019	$0	$48,676
100 to 500	$45,000	$84,733	$121,741
500 to 1,500	$56,667	$110,614	$207,640
1,500 to 3,000	$77,037	$125,000	$209,561
3,000 to 10,000	$117,117	$162,663	$280,250
10,000 to 30,000	$130,130	$227,925	$377,917
30,000+	$136,637	$246,461	$422,923
75th Percentile			
Under 100	$69,375	$81,200	$130,840
100 to 500	$60,000	$103,423	$160,352
500 to 1,500	$99,739	$149,453	$257,457
1,500 to 3,000	$110,037	$195,195	$294,966
3,000 to 10,000	$149,650	$221,221	$354,585
10,000 to 30,000	$149,971	$260,270	$398,851
30,000+	$176,495	$292,793	$462,025

The following graph provides a visual representation of the different elements that make up a board member's total direct compensation. The graph includes amounts at the 50th percentile from the "Base Retainer and Committee Fees" and "Equity" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation in the table above. The graph shows that equity compensation is the biggest contributor to total direct compensation at all asset tiers over $100 million.

Elements of Median Board Member Compensation



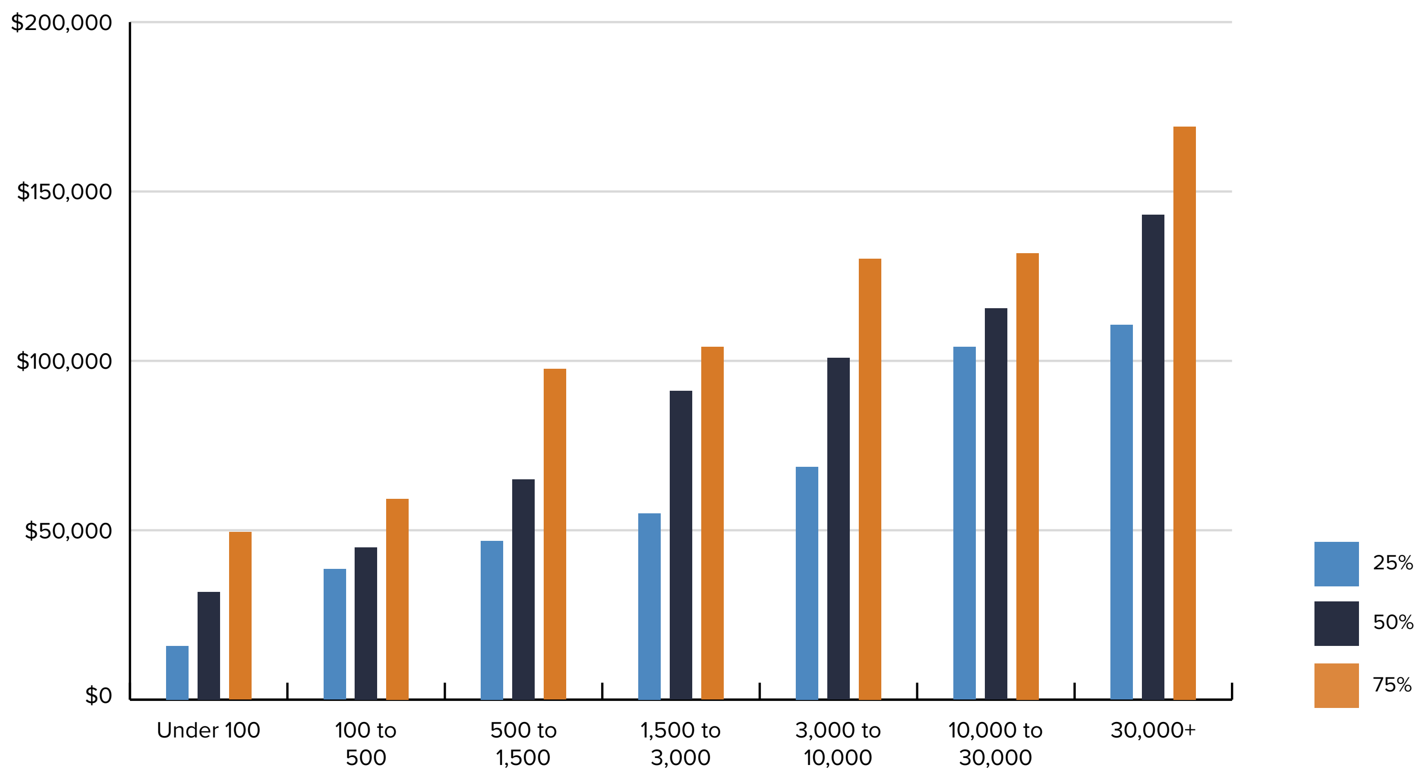
Board Member Annual Base Retainer

Summary Compensation Tables disclosed by companies in their public filings typically combine base retainer and committee fees as "fees". This can make it difficult to distinguish what was awarded as a retainer and what was awarded as a committee fee, if anything. Tables in the following sections (including board member, chair, and committee fee breakdowns) are based on the set fees disclosed by companies to ensure data is accurate and not assumed. As a result, amounts will differ from what was laid out in the “Elements of Compensation” table above.

Set board member retainers were disclosed by 88.8% of companies. The table below shows the median value of disclosed retainers at the 25th, 50th and 75th percentile broken out by asset value. 58% of companies awarded an additional set equity retainer, analysis of which can be provided upon request.

BOARD MEMBER ANNUAL BASE RETAINER			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	$15,856	$31,760	$49,449
100 to 500	$38,520	$45,000	$59,279
500 to 1,500	$46,870	$65,065	$97,598
1,500 to 3,000	$55,000	$91,091	$104,104
3,000 to 10,000	$68,766	$100,851	$130,130
10,000 to 30,000	$104,104	$115,490	$131,757
30,000+	$110,611	$143,143	$169,169

Board Member Annual Retainer



Meeting Attendance Fees

- In 2022, only 8.4% of the companies researched had a dedicated per meeting attendance fee (16% in 2021), which ranged from $781 to $3,253. The most common per meeting fee was $1,500 (CAD or USD depending on compensation currency). In Bedford's observations, a per-meeting fee for attending board or committee meetings is becoming less common across all industries. Instead, companies are choosing to grant set annual fees to committee chairs and/or members.

Female Board Member Representation

- Of all board members included in the survey, 26.6% identified as female, an increase from 23.4% in 2021. Bedford expects a steady increase in this number in the coming years as shareholder rights organizations start to implement minimum board diversity expectations.

1.2 BOARD CHAIR COMPENSATION

Bedford's Headline Findings

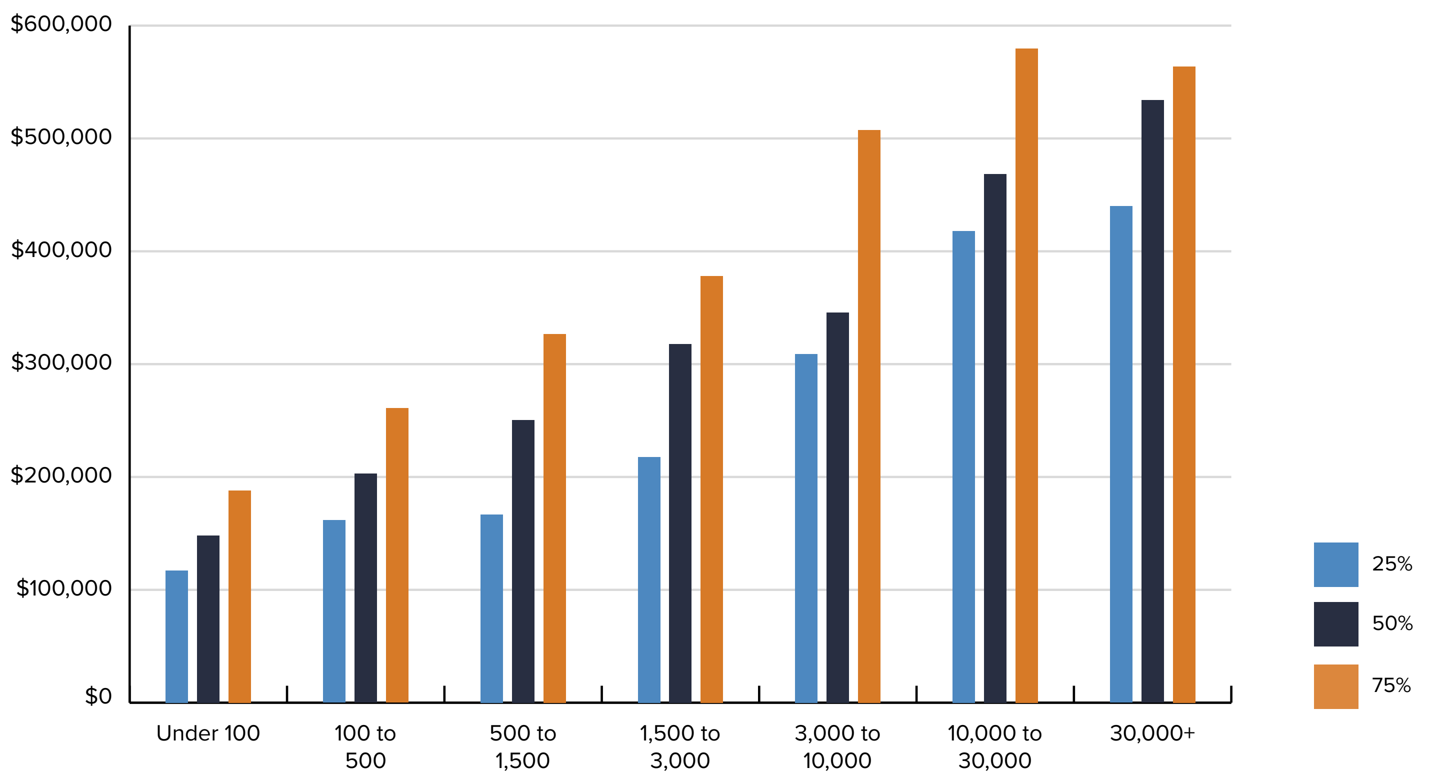
- At the median, board chair total compensation ranged from $148,132 at companies with asset values under $100 million, to $533,913 at companies with asset values over $30 billion.
- This portion of the report combines analysis for non-executive chairs, vice-chairs, and independent lead directors. Data on individual roles can be provided upon request.
- Board chairs are compensated at higher levels than members due to the experience required, the increased responsibilities, and the assumption of risk associated with the position.
- Many board chairs take on additional responsibilities in a company by joining committees. It was found that 78% of chairs took part in at least one committee.
- The percentage of board chairs or lead directors who identified as female in 2022 was 14.2%.
- Board chair and lead director total compensation consists primarily of a cash base retainer and an equity-settled grant. Organizations may also allow/encourage directors to take a portion of their base retainer as equity.

Board Chair Total Compensation

- At the median, board chair total compensation ranged from $148,132 at companies with asset values under $100 million, to $533,913 at companies with asset values over $30 billion.
- Bedford included Lead Director data in calculations for 2022, therefore year over year data is not available and will be included in next year’s report.

BOARD CHAIR TOTAL COMPENSATION			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	$117,200	$148,132	$188,119
100 to 500	$161,678	$202,841	$260,876
500 to 1,500	$166,875	$250,394	$326,827
1,500 to 3,000	$217,821	$317,951	$378,149
3,000 to 10,000	$309,000	$345,820	$507,556
10,000 to 30,000	$418,068	$468,572	$579,847
30,000+	$439,934	$533,913	$563,672

Board Chair Total Compensation



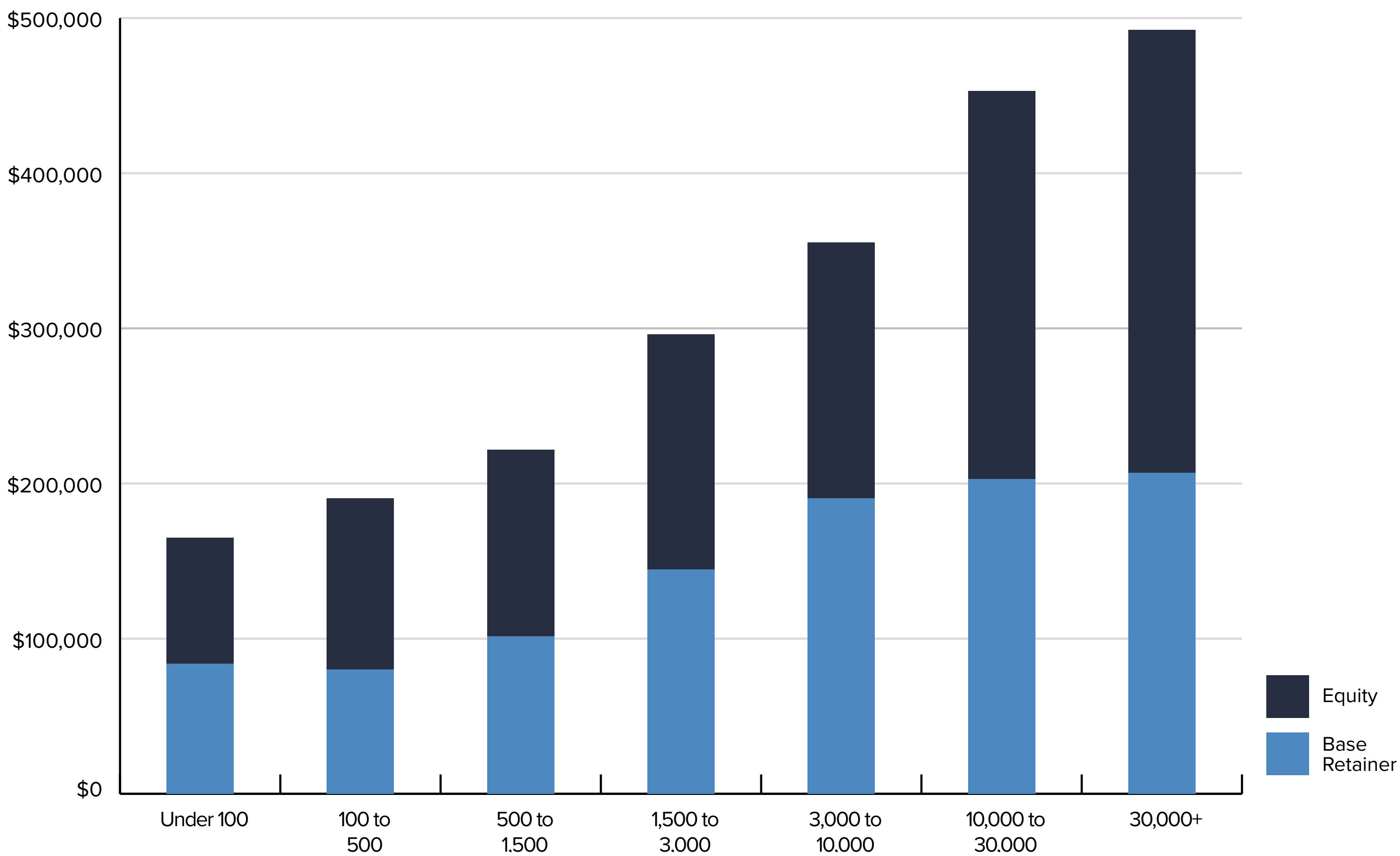
Board Chair Compensation Structure

The following table breaks down board chair compensation paid at the 25th, 50th and 75th percentile of each asset value tier. As the value of each cell is calculated individually, the amounts for Total Compensation are not a sum of each row of data. Amounts of $0 for equity reflect more than 25% of chairs not receiving a grant.

ELEMENTS OF BOARD CHAIR COMPENSATION			
Assets ($Millions)	Base Retainer and Committee Fees	Equity	Total Compensation
25th Percentile			
Under 100	$70,000	$0	$117,200
100 to 500	$65,000	$91,116	$161,678
500 to 1,500	$71,250	$88,625	$166,875
1,500 to 3,000	$103,263	$97,500	$217,821
3,000 to 10,000	$150,000	$149,785	$309,000
10,000 to 30,000	$174,659	$222,533	$418,068
30,000+	$152,740	$228,799	$439,934
50th Percentile			
Under 100	$83,812	$81,200	$148,132
100 to 500	$80,000	$110,617	$202,841
500 to 1,500	$101,347	$120,364	$250,394
1,500 to 3,000	$144,639	$151,327	$317,951
3,000 to 10,000	$190,315	$165,000	$345,820
10,000 to 30,000	$202,961	$249,977	$468,572
30,000+	$206,743	$285,698	$533,913
75th Percentile			
Under 100	$94,375	$93,744	$188,119
100 to 500	$122,391	$129,745	$260,876
500 to 1,500	$198,448	$144,666	$326,827
1,500 to 3,000	$219,144	$185,148	$378,149
3,000 to 10,000	$245,553	$311,859	$507,556
10,000 to 30,000	$260,271	$260,271	$579,847
30,000+	$257,007	$373,796	$563,672

The following graph provides a visual representation of the different elements that make up a board chair's total direct compensation. The graph includes median amounts from the "Base Retainer and Committee Fees" and "Equity" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation in the table above.

Elements of Median Board Chair Compensation

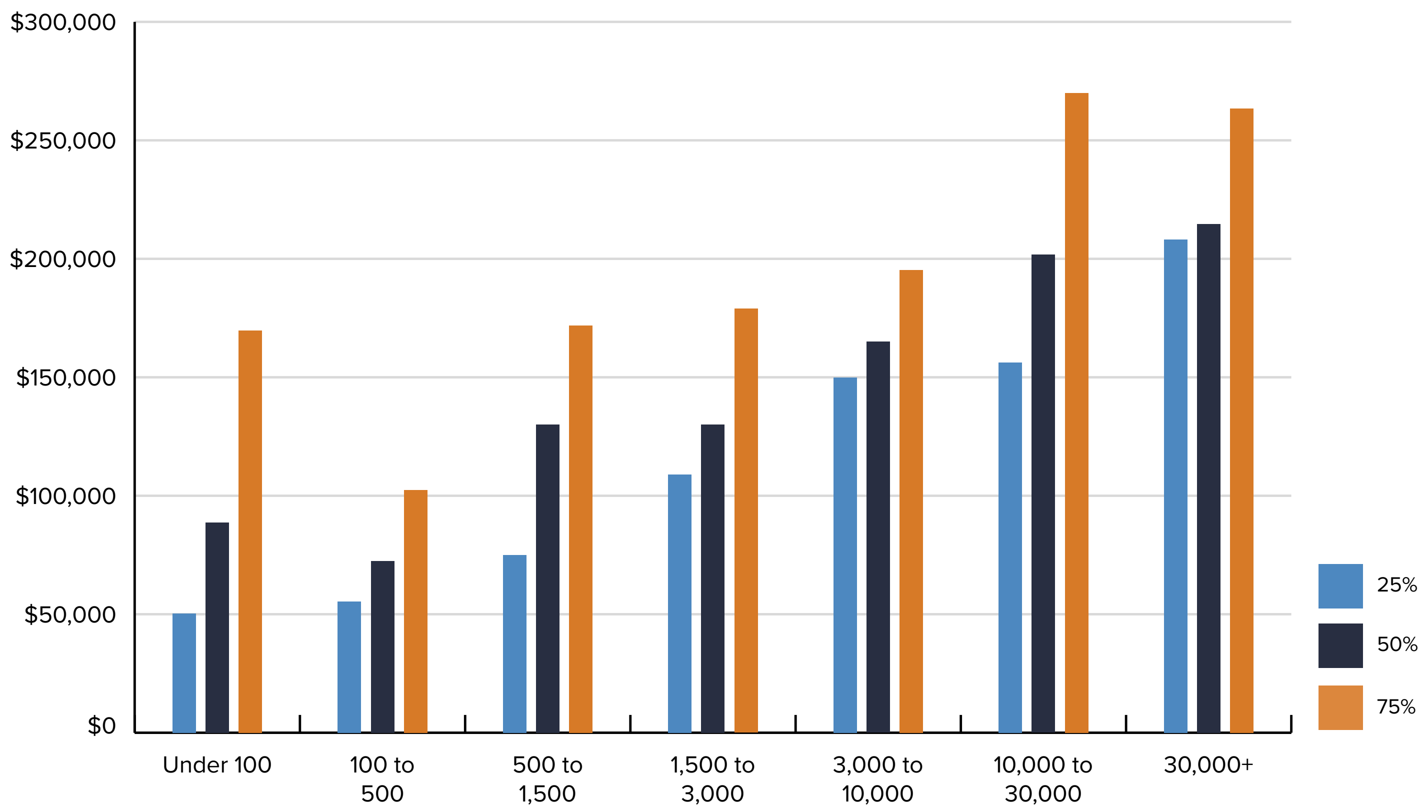


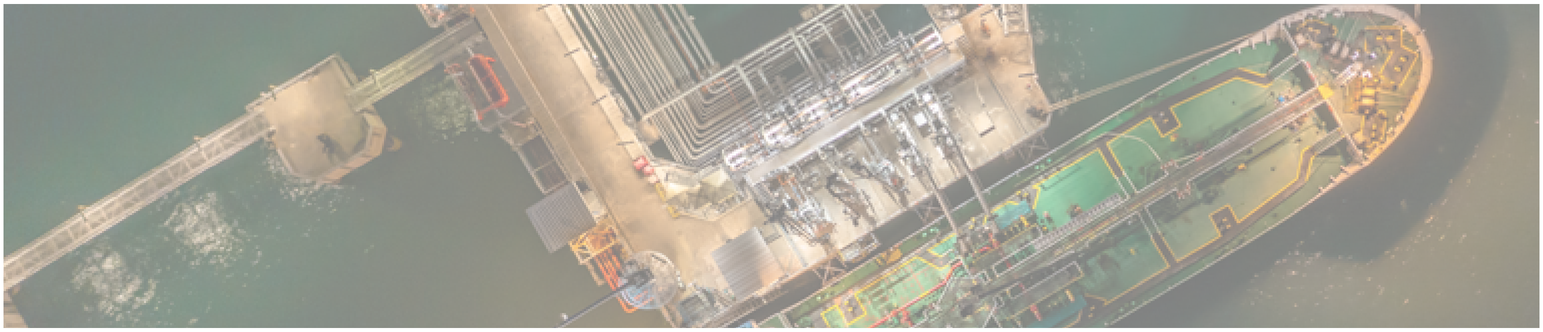
Board Chair Annual Retainer Analysis

74.8% of companies disclosed a set annual base retainer for their board chair or lead director. Board chair base retainers ranged from $72,500 to $214,715 and are typically 1.5x-2x that of a board member. Retainer amounts for companies with assets under $100 million are slightly higher than the $100 to $500 million tier, as only 30% of companies reported a set chair fee, resulting in a higher median.

BOARD CHAIR ANNUAL RETAINER			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	$50,232	$88,753	$169,673
100 to 500	$55,313	$72,500	$102,477
500 to 1,500	$75,000	$130,130	$171,772
1,500 to 3,000	$109,000	$130,130	$178,929
3,000 to 10,000	$149,825	$165,000	$195,195
10,000 to 30,000	$156,156	$201,702	$270,020
30,000+	$208,208	$214,715	$263,513

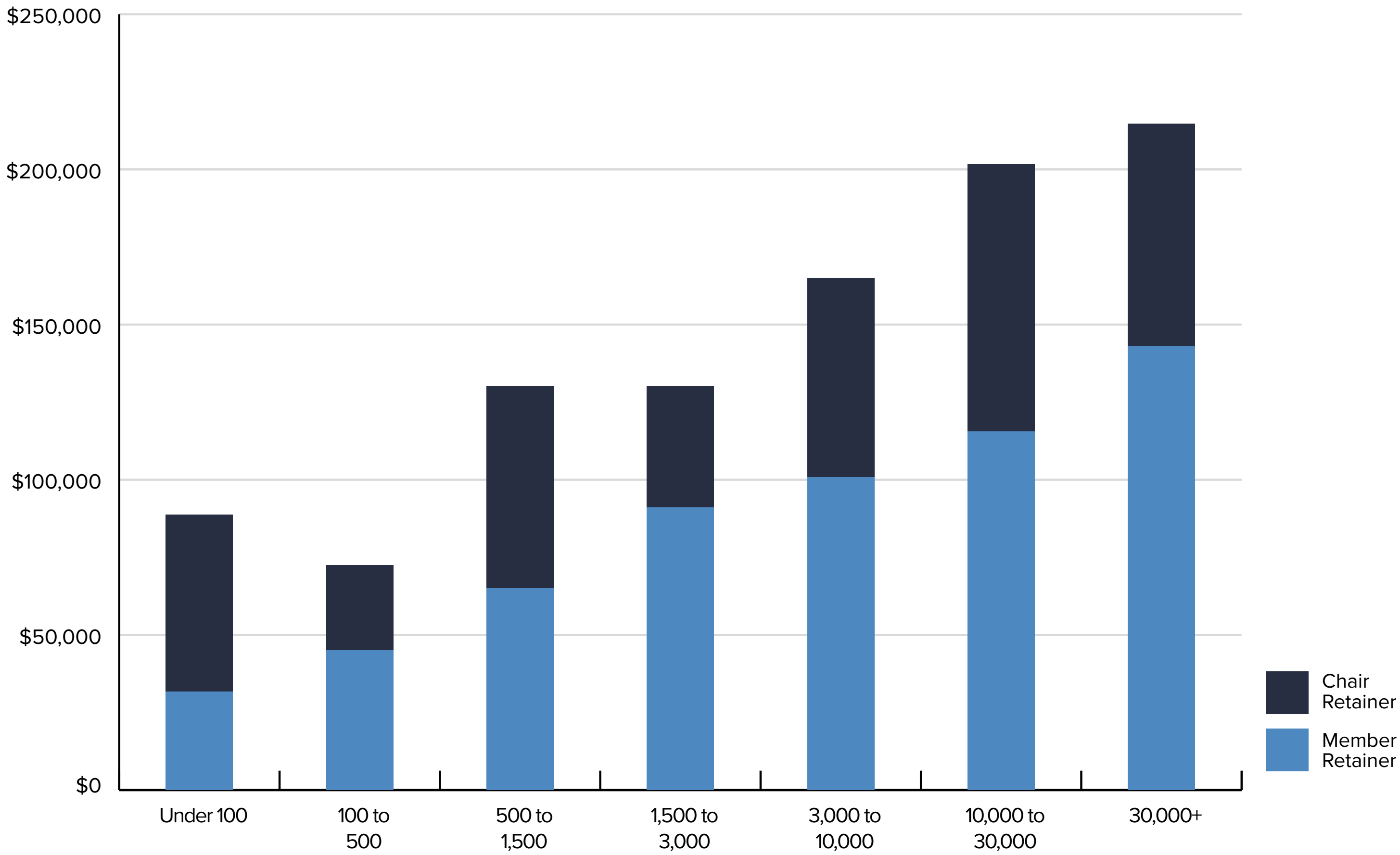
Board Chair Annual Retainer





Board Member Versus Chair Retainer

At the median, the board chair retainer is typically 1.5-2x that of its members. The results are slightly different for companies with asset values under $100 million as there are less companies who report their fees in that grouping.



1.3 AUDIT COMMITTEE

The Audit Committee's primary responsibility is to oversee financial reporting and disclosures. Board members sitting on this committee are often required to be independent. With the growth of risk awareness, committee members are also responsible for determining operational and credit risks. As such, the committee is commonly named the "Audit and Risk Committee."

Bedford Headline Findings

- Audit Committee chairs usually receive an additional fee to compensate them for the added fiduciary responsibility, and this fee is normally higher than the chair fee for any other committee. In 2022, 79% of companies had a set annual fee for their Audit Committee chair.
- Only 27.9% of companies had a set fee for Audit Committee members. Smaller companies tend to offer only Audit Committee chair fees. As a company grows, it is more likely to grant a member fee as well.

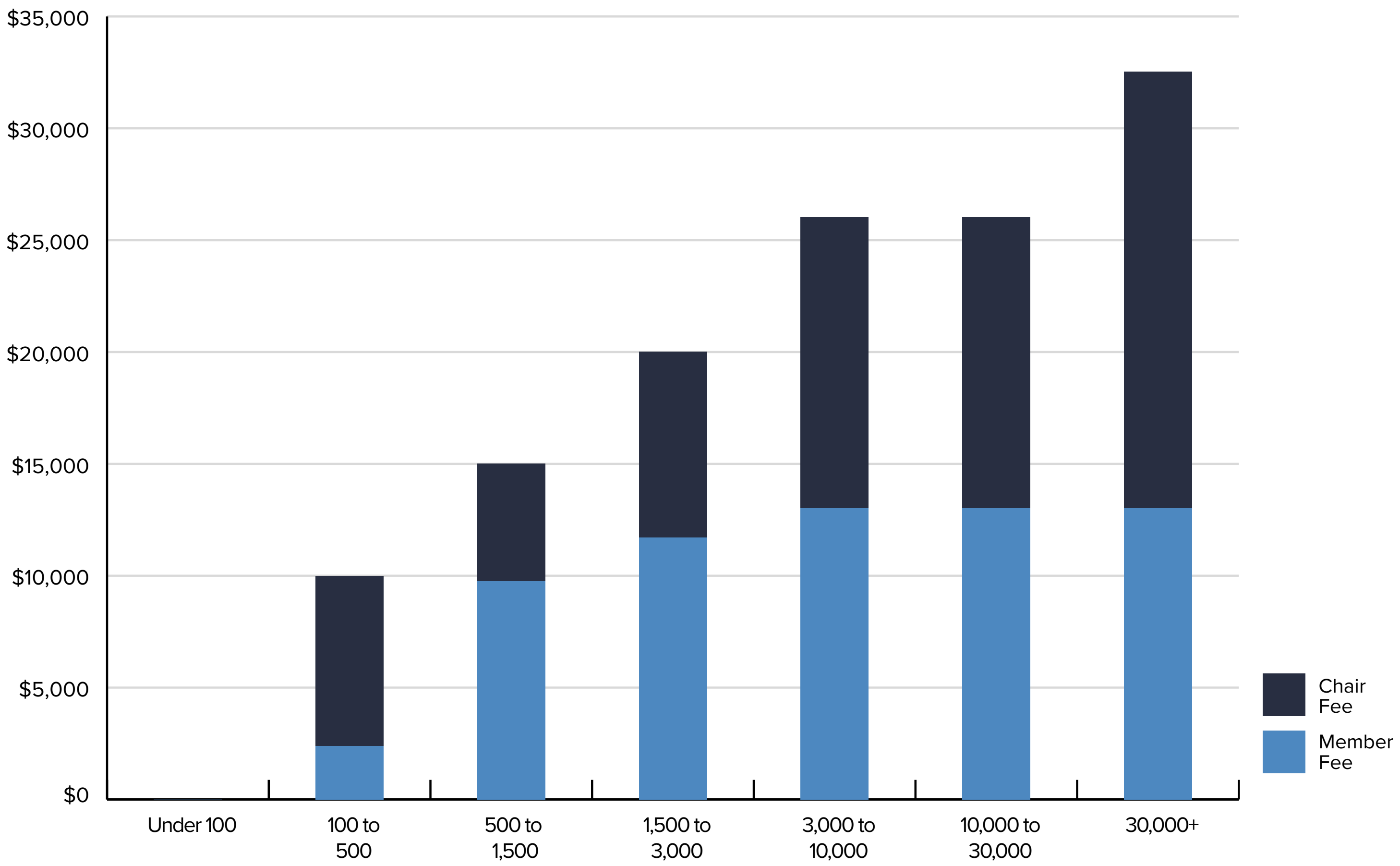
Audit Committee Members

- The following table excludes the companies who pay $0 for their annual Audit Committee Member Fee. At the median, Audit committee member fees ranged from $2,400 to $13,013. There were not enough companies who reported fees for the under $100M asset tier, so values were marked as not available (N/A). For organizations with asset values over $500 million, many companies in the study paid an audit committee member fee of either $10,000 Canadian/US at the 25th, 50th and 75th percentiles, resulting in repeating amounts of $10,000/$13,013.

AUDIT COMMITTEE MEMBER FEE			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	N/A	N/A	N/A
100 to 500	$2,200	$2,400	$3,700
500 to 1,500	$6,192	$9,760	$13,013
1,500 to 3,000	$6,507	$11,712	$13,013
3,000 to 10,000	$10,000	$13,013	$16,266
10,000 to 30,000	$9,555	$13,013	$13,013
30,000+	$10,000	$13,013	$13,013

Median Audit Committee Member versus Chair Fee

The following graph shows median Audit Committee member fees versus the fees paid to the chair. Typically, a chair will receive 1.5-2x that of a member, however due to a more limited number of companies who award committee member fees, this is not reflected at all tiers.



Audit Committee Chair

At the median, the annual fee for the Audit Committee chair ranged from $10,000 to $32,533. 79% of companies had a set Audit Committee Chair Fee. Audit Committee chair fees were most commonly $20,000-$25,000 Canadian/US for companies with asset values over $1.5 billion.

AUDIT COMMITTEE CHAIR FEE			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	N/A	N/A	N/A
100 to 500	$7,250	$10,000	$18,544
500 to 1,500	$13,013	$15,000	$19,520
1,500 to 3,000	$18,194	$20,000	$26,026
3,000 to 10,000	$19,760	$26,026	$39,039
10,000 to 30,000	$26,026	$26,026	$32,533
30,000+	$27,263	$32,533	$32,533

1.4 COMPENSATION COMMITTEE

The Compensation Committee, which in some organizations is referred to as the Human Resources Committee, oversees compensation for executives and directors. This committee usually consists of independent directors with finance and legal backgrounds.

Bedford Headline Findings

- The Compensation Committee or Human Resources Committee determines annual director and executive payments, bonus and equity payouts, and all other benefit arrangements.
- At the median, the Compensation Committee Chair Fee varied from $11,507 to $26,026. At the lower asset tiers, values are higher than the Audit Committee Chair due to less companies reporting fees.
- Among the companies researched, only 21% had a set annual fee for Compensation Committee members, while 70% disclosed a fixed annual chair fee.

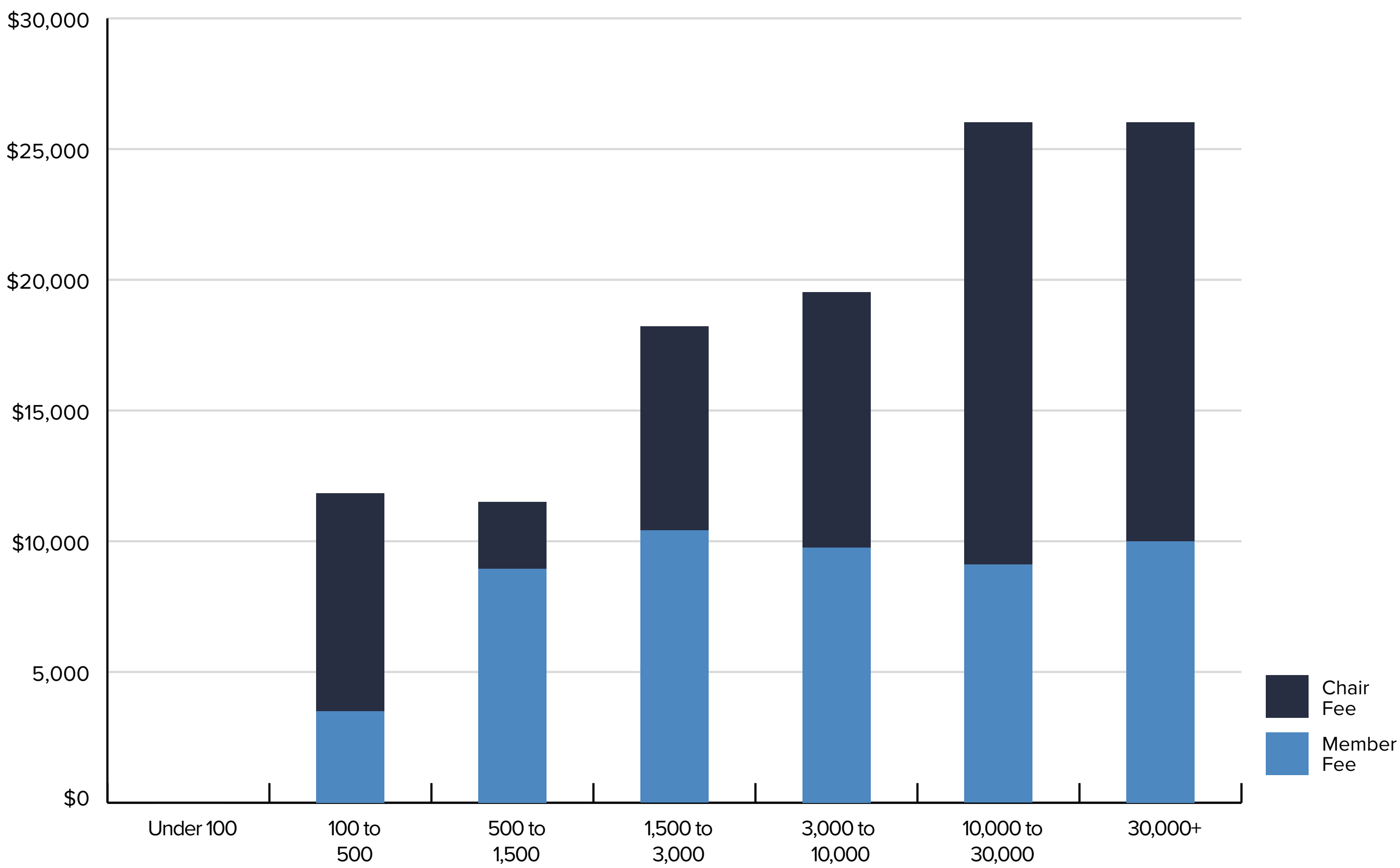
Compensation Committee Members

- Only 21% of companies had a set Compensation Committee Member Fee, causing some fluctuation in data between asset tiers, and higher median fees at some tiers than those for the Audit Committee. At the median, member fees ranged from $3,500 to $10,000. The following data excludes companies who do not pay fees to their members in order to provide a better representation of fees when granted. There were not enough data points for companies with asset values below $100 million to provide analysis, so amounts were marked as not available (N/A).

COMPENSATION COMMITTEE MEMBER FEE			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	N/A	N/A	N/A
100 to 500	$2,750	$3,500	$4,250
500 to 1,500	$6,913	$8,946	$10,980
1,500 to 3,000	$6,507	$10,410	$13,013
3,000 to 10,000	$6,753	$9,760	$13,013
10,000 to 30,000	$6,507	$9,109	$9,760
30,000+	$9,820	$10,000	$11,875

Median Compensation Committee Member Versus Chair Fee

The following graph shows median Compensation Committee member fees versus the fees paid to the chair. Typically, a chair will receive 1.5-2x that of a member, however due to a more limited number of companies who award committee member fees, this is not reflected at all tiers.



Compensation Committee Chair

- The median for Compensation Committee Chair Fee ranged from "$11,507 to $26,026 and maxed out around $20,000CAD/USD in the industry, no matter the asset tier. Set fees were disclosed by 70% of companies. Available data was more limited than for the position of Audit Committee chair, resulting in higher fees for some asset tiers. Data for companies who did not pay fees to their chairs was excluded from the table.

COMPENSATION COMMITTEE CHAIR FEE			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	N/A	N/A	N/A
100 to 500	$8,125	$11,832	$14,666
500 to 1,500	$9,820	$11,507	$18,706
1,500 to 3,000	$12,500	$18,218	$19,520
3,000 to 10,000	$15,000	$19,520	$26,270
10,000 to 30,000	$19,520	$26,026	$26,026
30,000+	$19,760	$26,026	$29,279

1.5 CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee (often combined with the Nominating Committee or Compensation Committee) acts to ensure that the company follows good governance practices. The committee is responsible for reviewing the qualifications of director nominees and monitoring current directors' status. Corporate governance plays a crucial role for organizations as investors seek ethical investments that impact society. While historically, industries have viewed this committee as requiring less responsibilities than the Compensation and Audit Committees, a higher focus has recently been put on governance aspects. Bedford anticipates seeing an increase in the number of companies with Corporate Governance Committees and a general increase in total compensation for committee members and chairs in the upcoming years as a reflection of this trend.

Bedford Headline Findings

- Among the companies researched, 21% had a set annual fee for Corporate Governance committee members, while 67.8% had a fixed fee for chairs.
- At the median, the Corporate Governance Committee Chair Fee ranged from $11,000 to $26,026. Some amounts are higher than those for the Audit and Compensation committee chair, but this is a product of fewer companies reporting their fees.

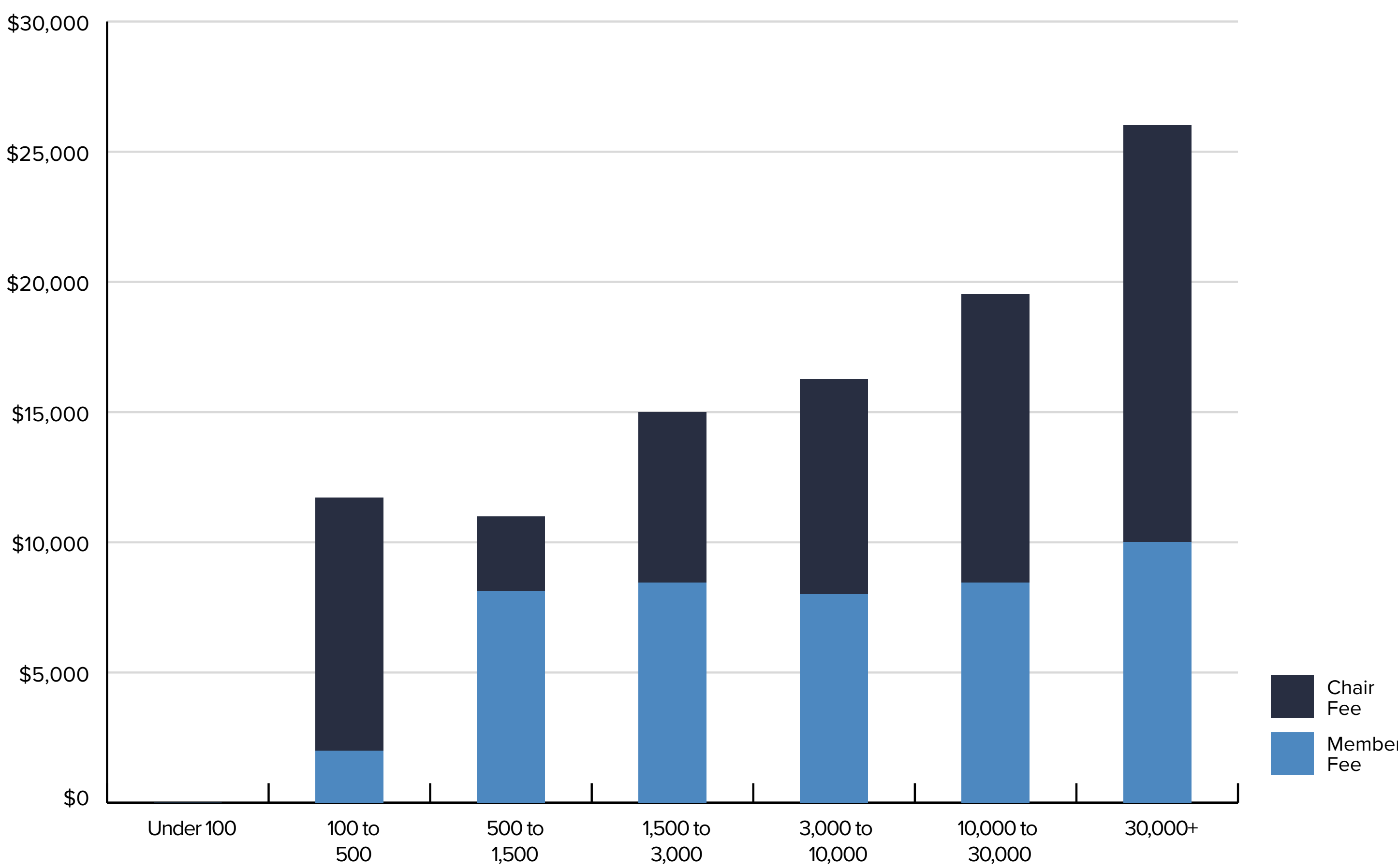
Corporate Governance Committee Members

- Only 21% of companies had a set annual Corporate Governance Committee Member fee. At the median, member fees ranged from $2,000 to $10,000. There were not enough datapoints for companies with asset values under $100 million to analyze. Analysis excludes companies that do not pay annual fees to their Corporate Governance Committee Members.

CORPORATE GOVERNANCE COMMITTEE MEMBER FEE			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	N/A	N/A	N/A
100 to 500	$2,000	$2,000	$2,000
500 to 1,500	$3,227	$8,133	$13,013
1,500 to 3,000	$6,507	$8,458	$11,396
3,000 to 10,000	$6,507	$8,000	$13,013
10,000 to 30,000	$6,669	$8,458	$9,940
30,000+	$9,127	$10,000	$10,625

Median Governance Committee Member Versus Chair Fee

The following graph shows median Governance Committee member fees versus the fees paid to the chair. Typically, a chair will receive approximately 1.5-2x that of a member, however due to a more limited number of companies who award committee member fees, this is not reflected at all tiers.



Corporate Governance Committee Chair

- The median fee for the Corporate Governance Committee chair ranged from $11,000 to $26,026. 67.8% of companies had a set Corporate Governance Committee chair fee.

CORPORATE GOVERNANCE COMMITTEE CHAIR FEE			
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile
Under 100	N/A	N/A	N/A
100 to 500	$7,500	$11,712	$15,000
500 to 1,500	$9,863	$11,000	$13,510
1,500 to 3,000	$10,000	$15,000	$19,259
3,000 to 10,000	$13,013	$16,266	$26,026
10,000 to 30,000	$14,640	$19,520	$19,520
30,000+	$19,015	$26,026	$26,026

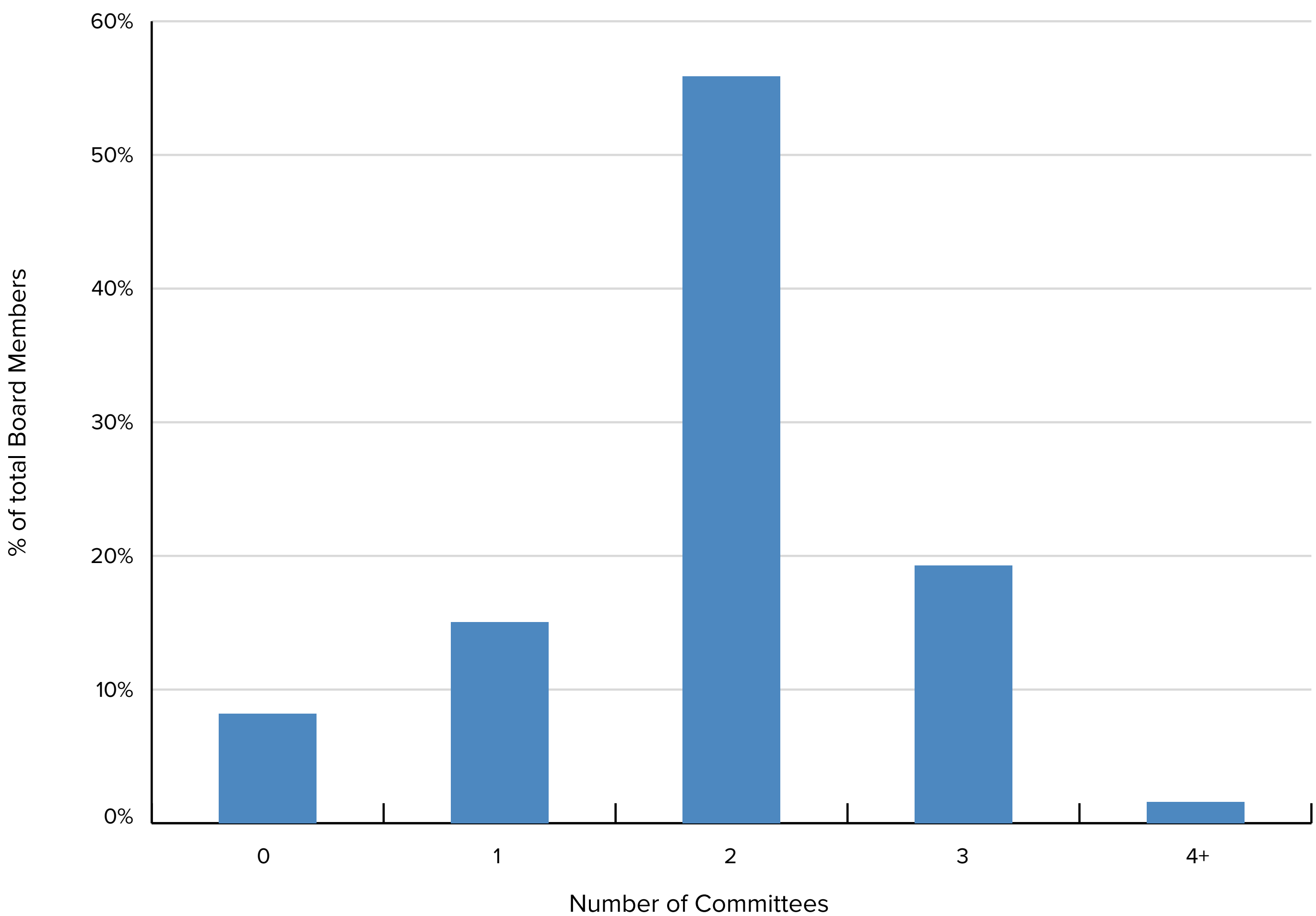
1.6 OTHER COMMITTEES

- Bedford has excluded certain committees where the sample size for compensation data was determined to be too small such as the:
  - **Reserves Committee -** handles oil and gas reserves and resources matters, including reserves and resources definitions, terms, recommended practices, and standards. The committee disseminates reserves and resources information to other organizations, agencies, and companies involved in reserves matters, including cooperation with other committees and organizations in development and delivery of relevant training courses. This, along with the ESG committee, are the next most common committees amongst oil and gas companies.
  - **Environment Social Governance/Health and Safety Committee** – ensures relevant sustainability and ESG matters are incorporated into purpose, governance, strategy, decision-making, risk management and accountability reporting. With an increased focus on ESG, shareholder rights groups may vote against board members if ESG risks are not considered. Bedford has observed an increase in prominence of ESG committees since 2021. For the oil and gas industry, Bedford noted Reserve and ESG committees were often combined.
  - **Executive Committee** – manages operations of the board of directors and usually has some decision-making authority.
  - **Nomination Committee -** responsible for electing directors. In many cases, nomination and corporate governance committees are merged due to the similarities in their practices.
  - **Innovation Committee -** aims to ensure that the organization keeps pace with industry trends to continue to prosper in their respective field.
  - **Risk Committee -** sometimes combined with the audit committee and is responsible for foreseeing potential risk factors and determining the possible loss. Often combined with the audit committee.

1.7 COMMITTEE MEMBER ACTIVITY ANALYSIS

- The purpose of this section is to analyze the number of committees that a board member participates in.
- 92% of board members sat on at least one committee. More than 50% of board members participated in two committees, which was the most common committee participation of the dataset.
- Members may be part of multiple committees due to their commitment to the firm, required contracts, or financial incentives. Board member involvement allows members to excel, learn, and grow.

Board Member Committee Participation



1.8 BOARD EQUITY COMPENSATION STRUCTURE

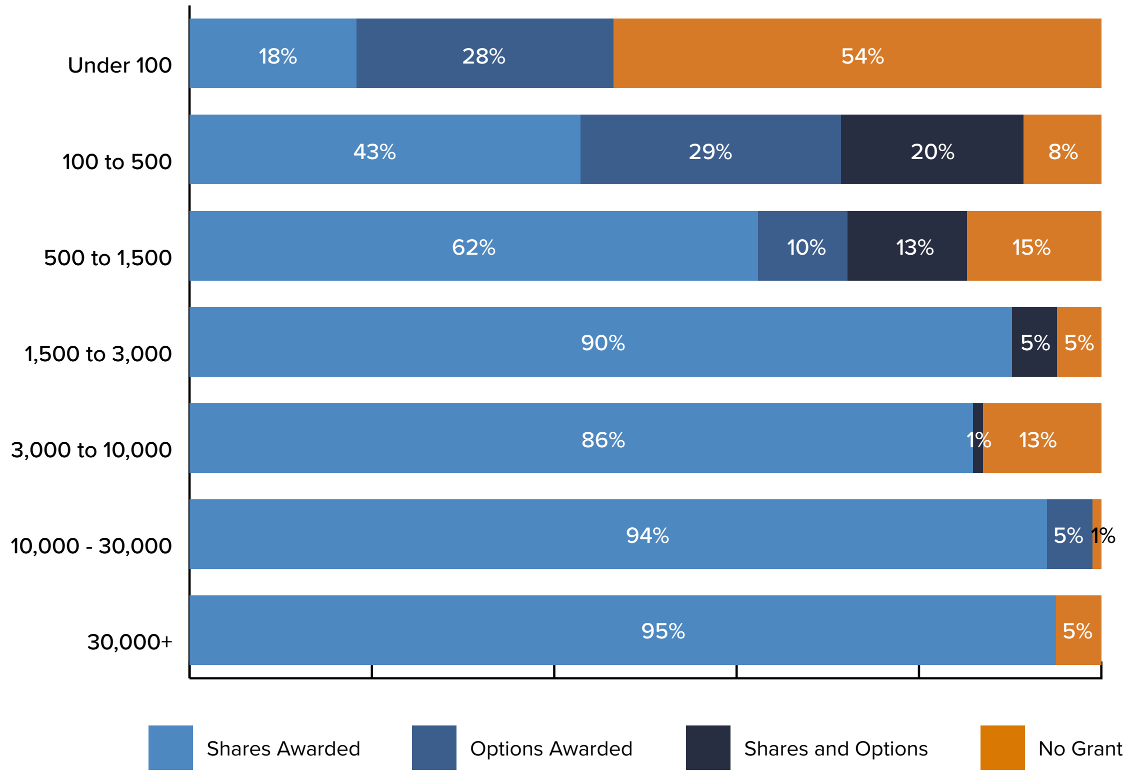
Share and Option Related Compensation

- In 2022, approximately 89.0% of directors researched received equity compensation (87.0% in 2021).
  - 78% received shares only,
  - 7% received options only,
  - 4% received a combination of shares and options,
  - 11% received no grant.

* Note: these numbers do not include companies who allow their executives to take a portion of their annual base retainer as shares.

- Shareholder rights groups like the ISS and Glass Lewis encourage capping director equity compensation at $150,000.
- The table below shows the breakdown of equity vehicles used per asset tier.

Equity Vehicle Breakdown by Asset Tier



Share-Based Compensation

- Typically, directors of an organization are awarded shares in the form of Common Stocks, Restricted Stock/Share Units (RSUs) or Deferred Stock/Share Units (DSUs). This section assesses the distribution of Stocks and RSUs in comparison to DSUs at all asset value tiers.
- RSUs are stocks of a company that are not transferrable until certain criteria have been met (often time- or performance-based). DSUs are the right to receive shares of common stock or cash at a future date, typically when leaving their company.
- DSUs are becoming a more prominent form of equity compensation across many industries. There are several explanations as to why:
  - Their impact on cash flow is deferred until such time as the recipient leaves the organization, and they do not vest until that time.
  - They are viewed favourably by shareholder rights groups because they are regarded as being better aligned with the long-term interests of the shareholder.
  - They are not dilutive if settled in cash.
  - They do not attach voting rights.
- The following table shows the number of companies who granted Stocks/RSUs versus the number who granted DSUs (or both) to their directors in 2022 at each asset value tier.
- RSUs are currently the most common equity vehicle for directors in the oil and gas industry.

RSU VS DSU ANALYSIS			
Assets ($ millions)	RSU	DSU	Both
Under 100	1	1	1
100 to 500	7	4	0
500 to 1,500	11	5	2
1,500 to 3,000	10	6	1
3,000 to 10,000	14	4	7
10,000 to 30,000	11	1	7
30,000+	6	3	12

1.9 DIRECTOR SHARE OWNERSHIP REQUIREMENTS

Share ownership guidelines require directors and/or executives to have a minimum equity stake in the organization. The intention is to align interests of the company with those of the shareholders. Although share ownership guidelines are not mandated in Canada, they are considered a good governance practice.

88.8% of companies in the dataset had a minimum share ownership requirement for their directors. In most cases, directors are required to obtain a certain multiple of their annual retainer as equity, within a specified number of years. Typically, only full shares and equity settled RSUs and DSUs count towards the share ownership requirements; options are generally excluded.

Sometimes limitations are put on director compensation until ownership requirements have been obtained. For example, annual retainers may need to be taken in shares. In other instances, companies may allow an equity grant to be taken as a split between RSUs and options, but directors will be required to take it all as RSUs until they have reached their ownership obligations.

The following table provides a summary of the share ownership requirements for directors in the dataset.

- Most commonly, a director is required to obtain 3x their annual retainer within three years.
- The second most common requirement is an ownership of 5x annual retainer within five years.

DIRECTOR SHARE OWNERSHIP REQUIREMENTS							
	Ownership Requirement - Multiple of Retainer						
Years to Achieve	< 2x	2x	3x	4x	5x	6x	7x
Undisclosed					4%		1%
3 years			**35%**		3%		1%
4 years		2%			1%		
5 years	1%	2%	22%	4%	24%	1%	1%

2.0 EXECUTIVE COMPENSATION

Named Executive Officer Compensation

The 2023 Report gathered detailed compensation data on over 660 Named Executive Officers (NEOs) from 143 Canadian and US companies. For accuracy and future year-over-year comparison purposes, all compensation used is the amount paid for twelve months. Compensation for interim NEOs who served less than 12 months was annualized, where possible, using the provided amount for the period in the fiscal year. This report provides detailed insight into the compensation for the following roles:

1. Chief Executive Officer (CEO)
2. Chief Financial Officer (CFO) & Vice President, Finance
3. Chief Operating Officer (COO) & Vice President, Operations
4. Legal Representative

Compensation in Other Executive Roles

Bedford Group can provide compensation data and information on many other executive positions including, but not limited to, the ones listed below. We invite you to contact Bedford for a custom report as needed.

- Chief Human Resources Officer
- VP Human Resources
- VP Strategy
- EVP Product Engineering
- Chief Revenue Officer
- VP Global Sales and Marketing
- VP Business Development
- VP Programs and Operations
- Chief Technology Officer
- EVP Business Development
- EVP Strategy
- VP Engineering

Named Executive Officer Compensation Structure

The compensation package for NEOs mentioned above usually consists of the following elements:

- Base salary,
- Annual/short-term incentives (normally paid in cash),
- Long-term incentives (normally settled in equity), and
- All other potential compensation (including severance, one-off bonus, benefits, etc.)

Among companies researched, 16.6% provided pension benefits to NEOs. These, along with additional elements for "other compensation" including, but not limited to, 401(k) contributions, benefits, insurance, etc., were excluded as separate values from the analysis that follows and are only encompassed in the amounts for "Total Direct Compensation". More information can be provided separately as requested. For clarity, all analysis combines options granted and full value shares awarded under "equity". Annual bonuses and short-term incentive payments have also been combined into "Annual Incentive Plan".

2.1 CHIEF EXECUTIVE OFFICER COMPENSATION

Headline Findings:

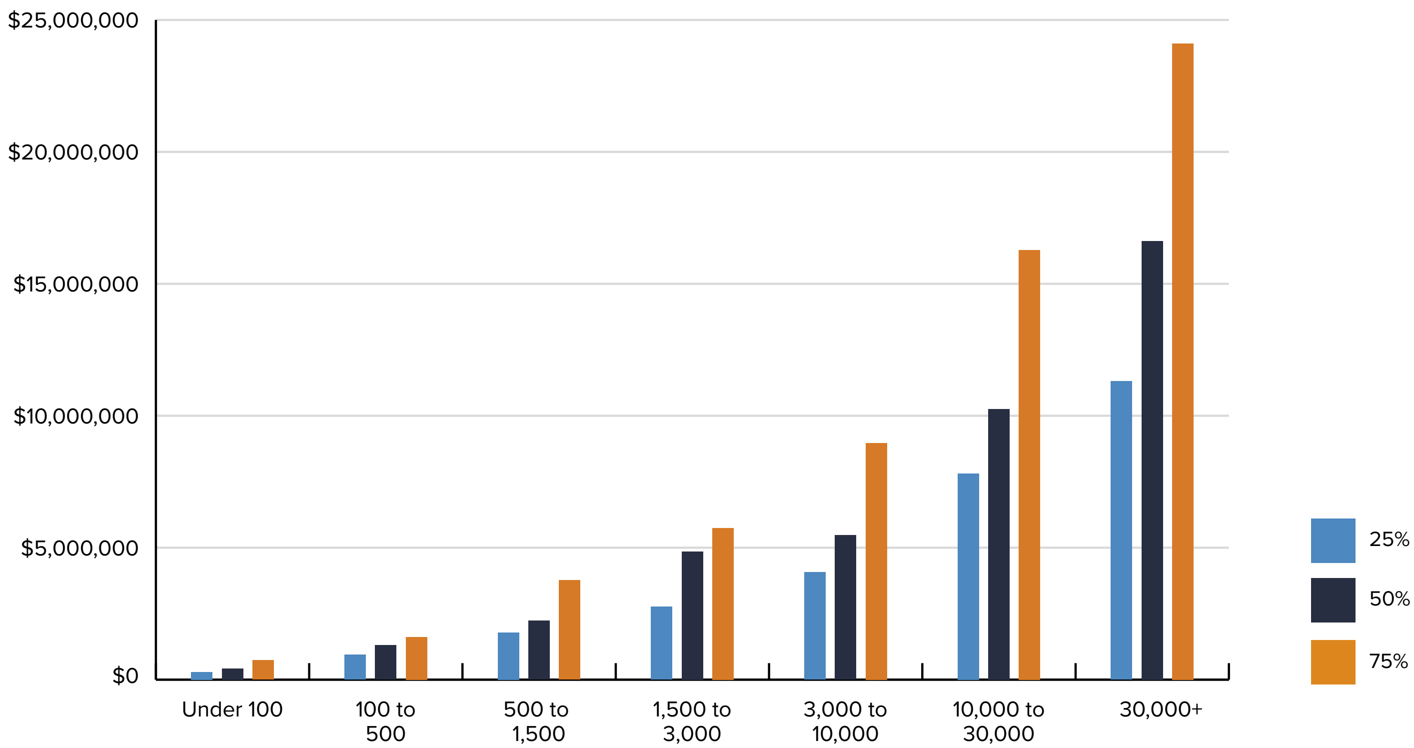
- The 2023 Report looked at data for 157 current, former, or interim CEOs across 143 companies.
    - 9.8% of companies had at least one CEO turnover in 2022. This was a decrease from 10.7% in 2021.
- At the 50th percentile, CEO total compensation ranged from $425,255 for companies with asset values under $100 million to $16,622,169 for companies with assets over $30 billion.
- 86.0% of CEOs received an annual incentive payment, an increase from 81% in 2021. Only 41% of CEOs with asset values under $100 million received a bonus, whereas over 80% received one in the remaining asset value tiers.
- CEO total direct compensation typically consists of a base salary, equity grant, and an annual incentive payment. CEO compensation increased exponentially at companies with asset values over $10 billion.
- Of the CEOs in the dataset, 3.2% identified as female, an increase from 1.9% in 2021.

Total Compensation

- 2022 was a successful year for the oil and gas industry. This is reflected in total compensation amounts for CEOs, which went up at almost all asset value tiers since 2021.

CEO TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100	$290,600	$425,255	$730,900	+47%
100 to 500	$938,237	$1,301,300	$1,610,925	+77%
500 to 1,500	$1,789,231	$2,235,961	$3,770,123	-12%
1,500 to 3,000	$2,761,928	$4,851,758	$5,750,537	+23%
3,000 to 10,000	$4,064,729	$5,475,674	$8,969,888	+28%
10,000 to 30,000	$7,807,734	$10,257,475	$16,281,600	+6%
30,000+	$11,311,107	$16,622,169	$24,110,532	+20%

CEO Total Compensation



Compensation Structure

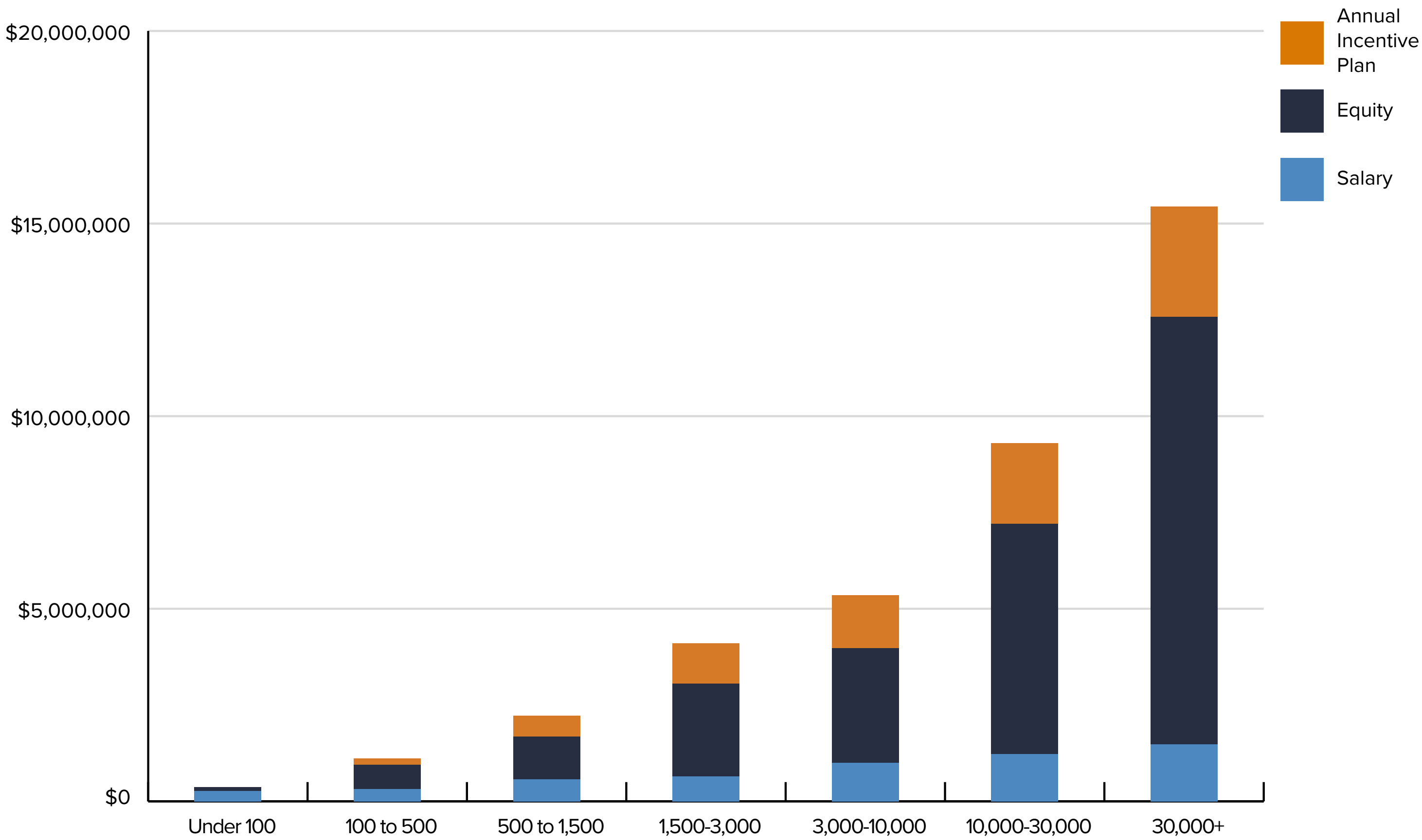
The chart below displays the breakdown of CEO Total Direct Compensation at the 25th, 50th and 75th percentiles for the seven asset value tiers. The value of each cell is calculated individually, so the amounts for Total Direct Compensation are not a sum of each row of data. Amounts of zero dollars for total equity and annual incentive payments are a result of more than 25-50% of executives not receiving an award.

Based on the chart below, it is conclusive that a CEO's compensation is likely to increase as a company's asset value increases. At the same time, due to the preference for pay-for-performance in the oil and gas industry, larger organizations' CEOs observed more in total compensation due to their ability to generate greater returns from larger projects.

ELEMENTS OF CEO COMPENSATION				
Assets ($Millions)	Annual Base Salary	Equity-Based Compensation	Annual Incentive Plan/Bonus	Total Direct Compensation
25th Percentile				
Under 100	$177,085	$0	$0	$290,600
100 to 500	$258,904	$506,125	$125,440	$938,237
500 to 1,500	$355,000	$619,315	$290,280	$1,789,231
1,500 to 3,000	$553,053	$1,078,679	$838,000	$2,761,928
3,000 to 10,000	$575,000	$2,250,000	$950,000	$4,064,729
10,000 to 30,000	$903,943	$3,353,973	$1,300,000	$7,807,734
30,000+	$1,046,245	$6,900,370	$1,381,500	$11,311,107
50th Percentile				
Under 100	$270,000	$90,000	$0	$425,255
100 to 500	$324,000	$621,374	$174,773	$1,301,300
500 to 1,500	$577,605	$1,106,105	$534,789	$2,235,961
1,500 to 3,000	$650,000	$2,405,590	$1,041,040	$4,851,758
3,000 to 10,000	$1,004,604	$2,973,957	$1,366,365	$5,475,674
10,000 to 30,000	$1,229,058	$5,971,951	$2,096,008	$10,257,475
30,000+	$1,481,530	$11,094,175	$2,864,400	$16,622,169
75th Percentile				
Under 100	$325,325	$261,000	$283,326	$730,900
100 to 500	$392,695	$805,538	$480,682	$1,610,925
500 to 1,500	$712,462	$1,636,430	$922,810	$3,770,123
1,500 to 3,000	$982,261	$3,666,672	$1,228,559	$5,750,537
3,000 to 10,000	$1,145,144	$5,934,637	$1,876,276	$8,969,888
10,000 to 30,000	$1,346,857	$11,872,074	$2,873,270	$16,281,600
30,000+	$1,796,500	$14,081,024	$4,457,751	$24,110,532

The following graph provides a visual representation of the different elements that make up a CEO's total direct compensation. The graph includes median amounts from the "Annual Base Salary", "Equity" and "Annual Incentive Plan" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation above. The graph shows that equity compensation is the biggest contributor to total direct compensation at all asset tiers over $1.5 billion.

Elements of Median CEO Compensation



CEO Median Salary Year over Year

- The following table shows the percentage change of median base salary between 2021 and 2022. Median base salaries increased at almost all asset value tiers, with minimal change noted in the $10B to $30B asset tier.

CHANGE IN MEDIAN BASE SALARY			
Asset Value ($ millions)	Median Base 2021	Median Base 2022	% Change at 50th Percentile from 2021 to 2022
Under 100	$225,000	$270,000	+20%
100 to 500	$300,000	$324,000	+8%
500 to 1,500	$544,896	$577,605	+6%
1,500 to 3,000	$622,087	$650,000	+4%
3,000 to 10,000	$645,553	$1,004,604	+56%
10,000 to 30,000	$1,246,606	$1,229,058	-1%
30,000+	$1,253,500	$1,481,530	+18%

Annual Incentives

This analysis seeks to reflect CEO annual incentive payments in proportion to their respective asset value tiers. 86% of CEOs received an annual incentive payment in 2022, an increase from 81% in 2021. Data highlights that, generally, CEOs in companies with asset values under $100M are much less likely to receive annual incentive payments than those at companies with asset values over $100M. This may reflect a need to focus cash expenditures on operational and growth-related initiatives instead of awarding it to executives.

The calculation method for annual bonuses varies by company, but the bonus criteria usually consider personal performance and corporate performance, both financially and non-financially. Some corporate performance measures include:

- Asset growth,
- Health and Safety or Environment, Social, and Governance,
- Corporate and Investor Engagement,
- Shareholder Return,
- Reserves or Production,
- Profitability/EBITDA,
- ROIC or RONCE,
- Strategic Goals.

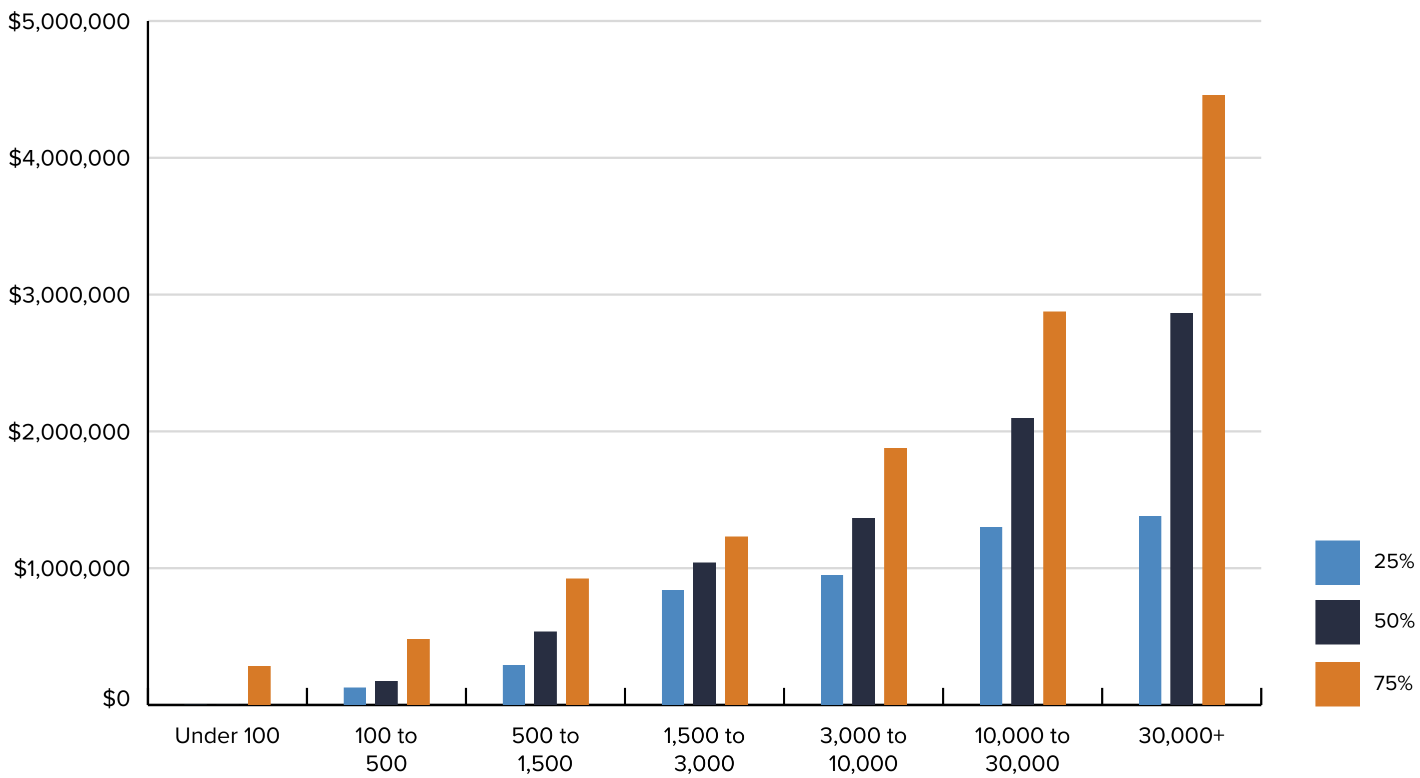
As per the Elements of CEO Compensation chart above, annual incentives account for a large portion of total compensation. Customized reports of the criteria used to determine annual incentive awards can be provided upon request, including corporate and individual KPI development and weighting recommendations.

The table below summarizes the annual incentive amounts for CEOs at each asset value tier. It also outlines the average target bonus reflected as a percent of base salary and the percentage of CEOs who received a non-equity incentive in the most recent fiscal year. The data highlights that, generally, targets and payments increase as asset value increases. Target bonus lies in a range of approximately 85% to 140% of base salary depending on the asset value. There were not enough companies who reported their targets with asset values under $500 million, so these percentages have been marked as not applicable.

CEO ANNUAL INCENTIVE						
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Of CEOs who Received Bonus	Target Bonus (% of Base Salary)	% Change at 50th Percentile from 2021
Under 100	$0	$0	$283,326	41%		
100 to 500	$125,440	$174,773	$480,682	80%		+24%
500 to 1,500	$290,280	$534,789	$922,810	100%	85%	+22%
1,500 to 3,000	$838,000	$1,041,040	$1,228,559	94%	104%	+31%
3,000 to 10,000	$950,000	$1,366,365	$1,876,276	97%	115%	+14%
10,000 to 30,000	$1,300,000	$2,096,008	$2,873,270	82%	128%	+8%
30,000+	$1,381,500	$2,864,400	$4,457,751	96%	139%	+12%

- As only 41% of CEOs for companies with asset values under $100 million received an annual incentive in 2022, the amounts at the 25th and 50th percentiles are $0.
- Median bonuses at the remaining tiers ranged from $174,773 in the below $500 million asset value tier to $2,864,400 in the above $30 billion asset value tier.
- Median bonus amounts increased at all asset value tiers from 2021 in a range of 8% up to 31%.

CEO Annual Incentive Payment



- The following table shows the percentage of CEOs who received a bonus at each asset value tier since 2021.

% OF CEOS WHO RECEIVED BONUS		
Asset Value ($ millions)	2022 data	2021 data
Under 100	41%	24%
100 to 500	80%	78%
500 to 1,500	100%	85%
1,500 to 3,000	94%	95%
3,000 to 10,000	97%	85%
10,000 to 30,000	82%	87%
30,000+	96%	96%

CEO Equity Incentive Analysis

93% of CEOs received an equity incentive grant in 2022 compared to 86% in 2021. The table that follows shows the median change in equity grant from 2021. Prevalence of equity grants increased, as well as the median total amount of grants for almost all tiers, which contributed to higher total compensation for 2022.

CHANGE IN MEDIAN EQUITY GRANT			
Assets ($ millions)	Median Equity Grant 2021	Median Equity Grant 2022	% Change at 50th Percentile from 2021
Under 100	$0	$90,000	
100 to 500	$265,501	$621,374	+134%
500 to 1,500	$1,075,162	$1,106,105	+3%
1,500 to 3,000	$1,801,152	$2,405,590	+34%
3,000 to 10,000	$2,124,000	$2,973,957	+40%
10,000 to 30,000	$6,006,614	$5,971,951	-1%
30,000+	$9,213,651	$11,094,175	+20%

2.2 CHIEF FINANCIAL OFFICER COMPENSATION

A CFO's primary responsibility includes a company's financial planning, financial risk management, record keeping, and financial reporting. For the oil and gas industry, a CFO's responsibility may also include searching for new business opportunities, assessing prospective contracts, leading strategy and planning efforts, and foreseeing firm sustainability. For small asset value companies, a CFO may even take up the role of maintaining a positive relationship between the company and external stakeholders.

Headline Findings

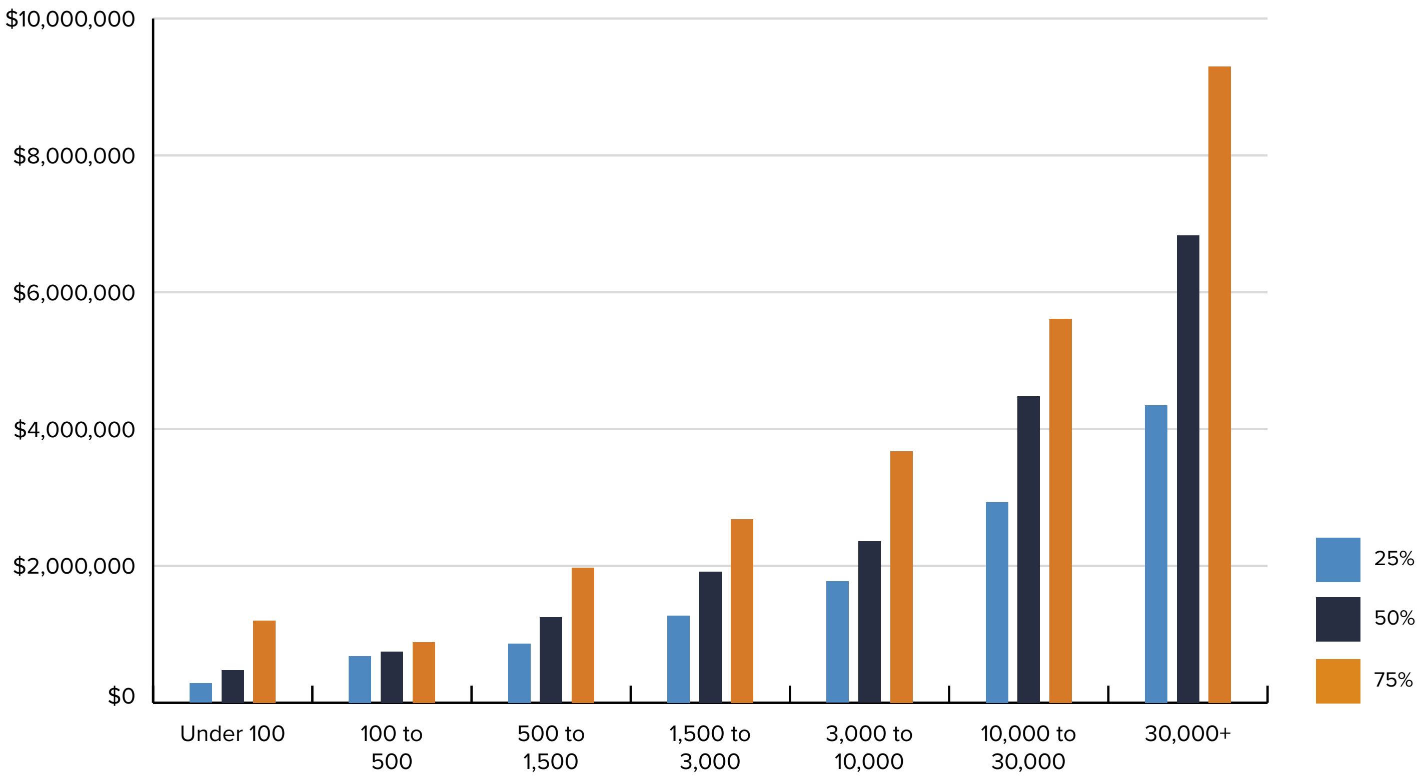
- The Bedford 2023 report collected compensation data on 146 current, interim, or former CFOs.
  - 10.5% of companies reported at least one CFO changeover in 2022, compared to 9.3% in 2021.
- At the median, total compensation varied from $474,975 for companies with asset values under $100 million to $6,834,769 for companies with asset values over $30 billion.
- Over 85% of CFOs in companies with asset values over $100 million received a bonus in 2021. 55% received a bonus in companies with asset values under $100 million (25% in 2021).
- Of the CFOs in the dataset, 10.9% identified as female, (8.8% in 2021).

Total Compensation

- Overall, the median total compensation of CFOs increased at almost all asset tiers from 2021. The highest change was for companies with assets under $100 million. This is partly due to a more limited dataset, as many CFOs from companies in this tier have part-time CFOs who were excluded from the dataset. This is also why CFO total compensation was higher than CEO for that tier. Like the CEO, increases reflect higher equity and bonus amounts due to a strong performance year by the oil and gas industry.

CFO TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100	$284,629	$474,975	$1,204,017	+108%
100 to 500	$683,354	$751,208	$889,106	+51%
500 to 1,500	$862,457	$1,252,751	$1,972,298	+9%
1,500 to 3,000	$1,275,681	$1,915,079	$2,681,308	+7%
3,000 to 10,000	$1,774,546	$2,358,322	$3,676,163	-6%
10,000 to 30,000	$2,930,099	$4,479,285	$5,612,721	+35%
30,000+	$4,347,907	$6,834,769	$9,299,607	+14%

CFO Total Compensation

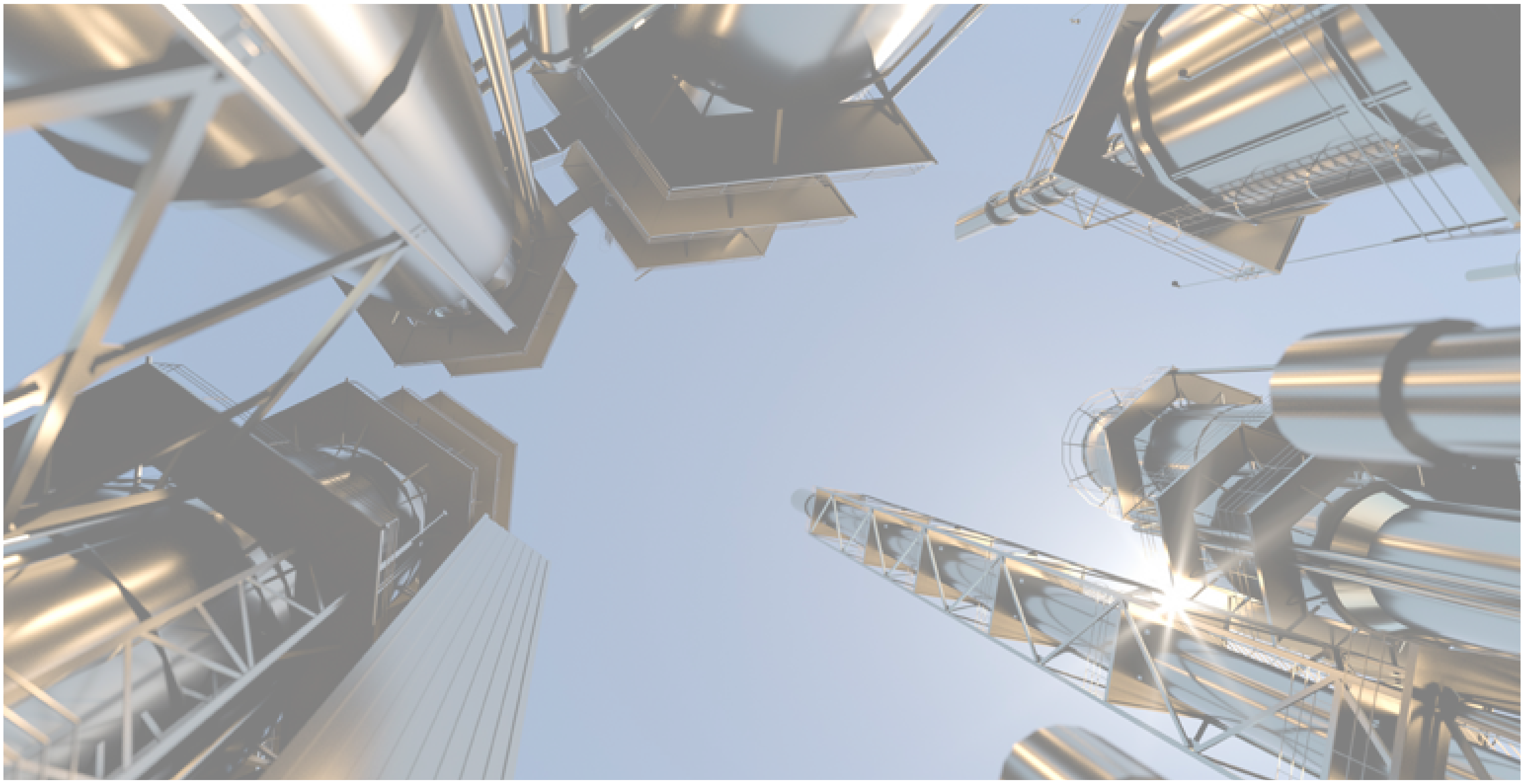


Compensation Structure

- The chart below displays the breakdown of CFO total compensation at the 25th, 50th and 75th percentiles for the seven different asset value tiers. The value of each cell is calculated individually, so the amounts of Total Direct Compensation are not a sum of each row of data. Values of zero dollars reflect that more than 25% of executives did not receive equity or bonus.

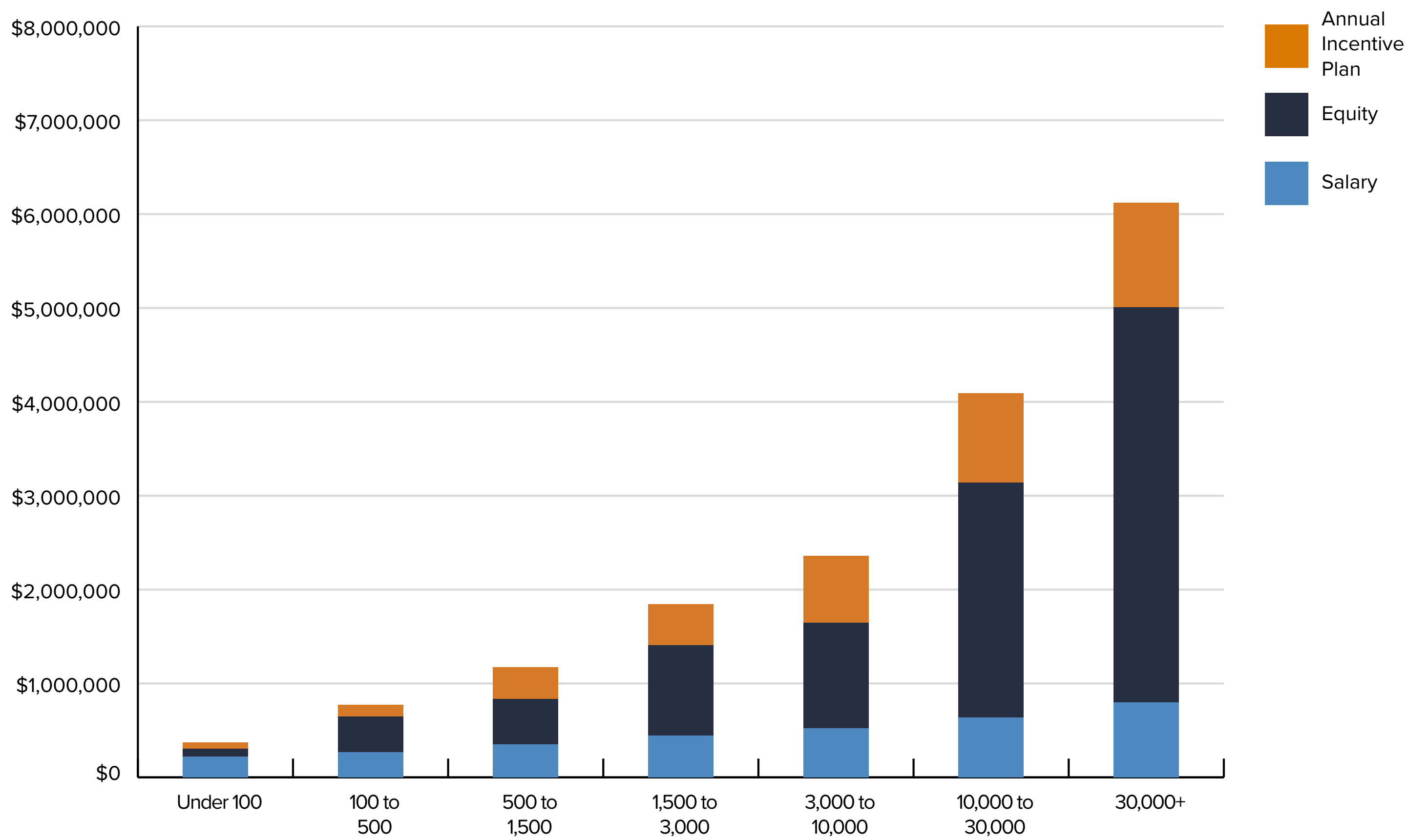
ELEMENTS OF CFO COMPENSATION				
Assets ($Millions)	Annual Base Salary	Equity-Based Compensation	Annual Incentive Plan/Bonus	Total Direct Compensation
25th Percentile				
Under 100	$193,334	$0	$0	$284,629
100 to 500	$225,000	$256,205	$97,598	$683,354
500 to 1,500	$276,713	$270,623	$196,930	$862,457
1,500 to 3,000	$367,500	$487,198	$265,280	$1,275,681
3,000 to 10,000	$387,500	$599,323	$429,459	$1,774,546
10,000 to 30,000	$542,304	$1,217,168	$606,735	$2,930,099
30,000+	$648,183	$2,619,040	$558,902	$4,347,907

ELEMENTS OF CFO COMPENSATION (continued)				
Assets ($Millions)	Annual Base Salary	Equity-Based Compensation	Annual Incentive Plan/Bonus	Total Direct Compensation
50th Percentile				
Under 100	$222,000	$81,200	$71,572	$474,975
100 to 500	$270,000	$376,266	$130,000	$751,208
500 to 1,500	$351,950	$484,510	$333,370	$1,252,751
1,500 to 3,000	$444,632	$964,568	$433,100	$1,915,079
3,000 to 10,000	$522,500	$1,126,187	$710,000	$2,358,322
10,000 to 30,000	$637,515	$2,502,864	$948,980	$4,479,285
30,000+	$799,372	$4,205,284	$1,117,036	$6,834,769
75th Percentile				
Under 100	$302,191	$902,068	$180,305	$1,204,017
100 to 500	$299,299	$451,908	$213,599	$889,106
500 to 1,500	$493,165	$685,314	$594,440	$1,972,298
1,500 to 3,000	$572,507	$1,507,252	$704,187	$2,681,308
3,000 to 10,000	$673,717	$2,171,461	$832,962	$3,676,163
10,000 to 30,000	$762,887	$3,723,589	$1,173,342	$5,612,721
30,000+	$1,163,037	$5,009,033	$2,089,373	$9,299,607



The following graph provides a visual representation of the different elements that make up a CFO's total direct compensation. The graph includes median amounts from the "Annual Base Salary", "Equity" and "Annual Incentive Plan" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation above. The graph shows that equity compensation is the biggest contributor to total direct compensation at all asset tiers over $1.5 billion.

Elements of Median CFO Compensation



CFO Median Base Salary Year over Year

- The following table shows the percentage change of median base salary between 2021 and 2022. The highest change in base salary was +13% from 2021, for companies in the $100 to $500 million asset tier. CFO median salary stayed relatively consistent for all asset tiers over $500 million from 2021, with variation at or below +/- 7%.

CHANGE IN MEDIAN BASE SALARY			
Asset Value ($Millions)	Median Base 2021	Median Base 2022	% Change at Median from 2021
Under 100	$199,347	$222,000	+11%
100 to 500	$239,750	$270,000	+13%
500 to 1,500	$368,337	$351,950	-4%
1,500 to 3,000	$420,206	$444,632	+6%
3,000 to 10,000	$564,075	$522,500	-7%
10,000 to 30,000	$636,393	$637,515	0%
30,000+	$760,142	$799,372	+5%

Annual Incentive

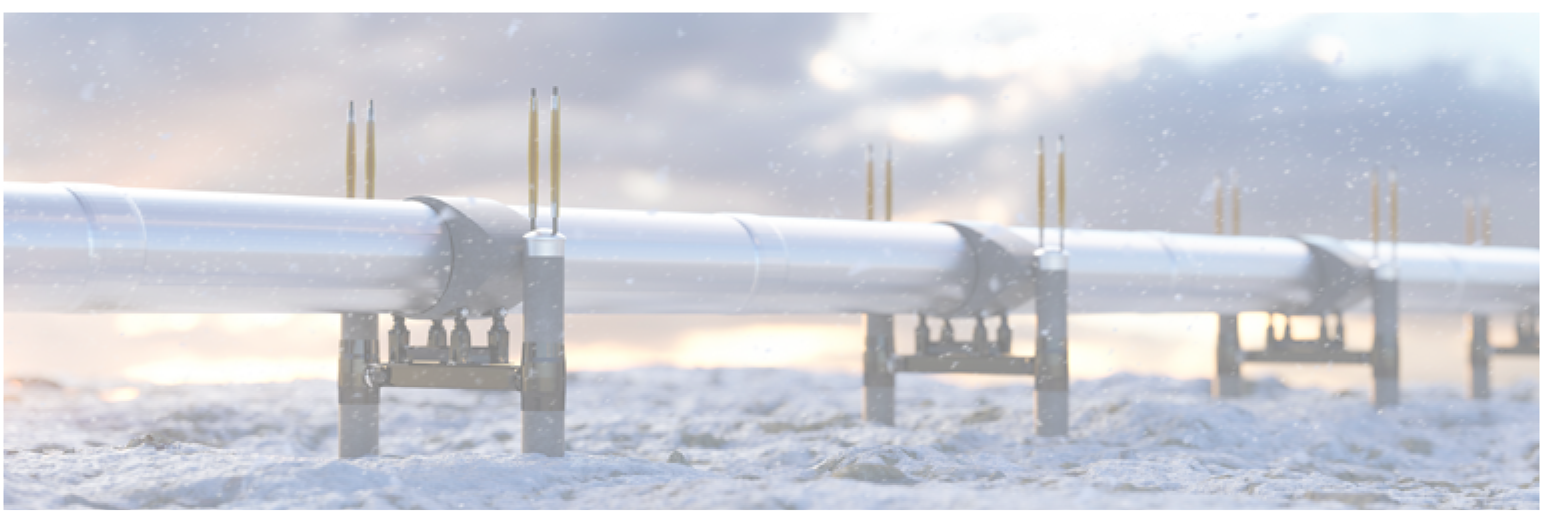
This analysis seeks to reflect CFO annual incentive payments in proportion to their respective asset value tiers. In 2022, 91.1% of CFOs received a bonus, an increase from 83.6% in 2021. The calculation method for annual bonuses varies by company, but the bonus criteria usually consider personal and corporate performance, with the latter weighted more heavily. A brief description of annual bonus metrics for the oil and gas industry can be found under the CEO section of the report.

The table below summarizes the annual incentive amounts for CFOs at each asset value tier. It also outlines the average target bonus reflected as a percent of base salary and the percentage of CFOs who received a non-equity incentive in the last fiscal year. The data highlights that the target bonus can range from approximately 65% to 90% of base salary, depending on the asset value range. There were not enough companies with asset values under $500 million who reported target bonus, so this data was excluded from the analysis.

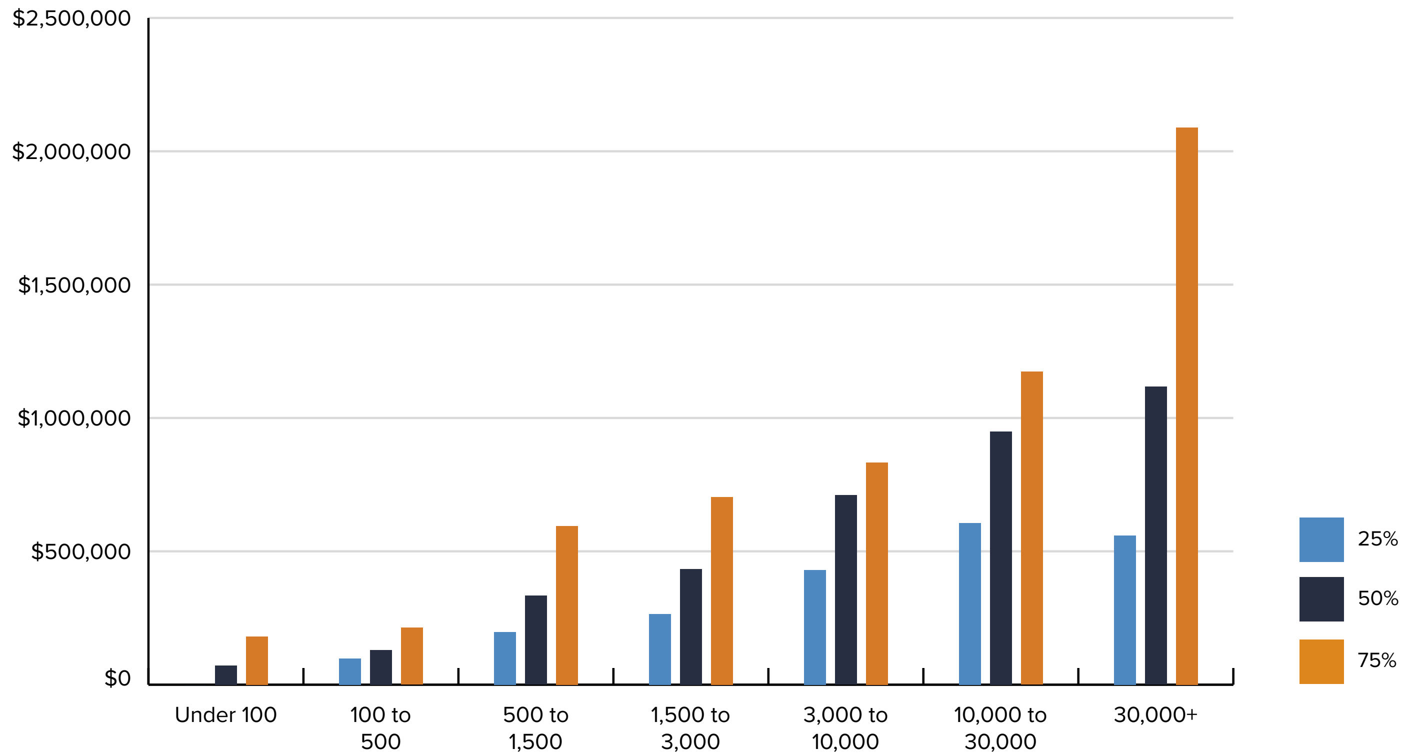
CFO ANNUAL INCENTIVE PLAN

Total Assets ($M)	25th Percentile	50th Percentile	75th Percentile	% Of CFOs Who Received Bonus	Target Bonus (% of Base Salary)	% Change at 50th Percentile from 2021
Under 100	$0	$71,572	$180,305	55%		
100 to 500	$97,598	$130,000	$213,599	85%		+16%
500 to 1,500	$196,930	$333,370	$594,440	100%	66%	+36%
1,500 to 3,000	$265,280	$433,100	$704,187	100%	78%	+12%
3,000 to 10,000	$429,459	$710,000	$832,962	90%	92%	+3%
10,000 to 30,000	$606,735	$948,980	$1,173,342	95%	91%	+24%
30,000+	$558,902	$1,117,036	$2,089,373	100%	91%	-5%

- In 2021, only approximately 25% of CFOs received a bonus in companies with asset values under $100 million. This increased to 55% in 2022.
- Bonus amounts increased at all asset value tiers below $30 billion from the previous year.
- Median bonus amounts ranged from $71,572 to $1,117,036.



CFO Annual Incentive Payment



- The following table shows the percentage of CFOs who received a bonus at each asset tier since 2021. More CFOs received a bonus at all tiers in 2022.

% OF CFOS WHO RECEIVED BONUS		
Asset Value ($ millions)	2022 data	2021 data
Under 100	55%	25%
100 to 500	85%	83%
500 to 1,500	100%	84%
1,500 to 3,000	100%	100%
3,000 to 10,000	90%	86%
10,000 to 30,000	95%	82%
30,000+	100%	100%

CFO Equity Incentive Analysis

92.6% of CFOs received an equity incentive grant in 2022 compared to 83.7% in 2021. Total dollar amount for equity grants increased at five of seven asset tiers.

CHANGE IN MEDIAN EQUITY GRANT			
Asset Value ($Millions)	Median Equity Grant 2021	Median Equity Grant 2022	% Change at 50th Percentile from 2021
Under 100	$8,775	$81,200	+825%
100 to 500	$122,311	$376,266	+208%
500 to 1,500	$603,372	$484,510	-20%
1,500 to 3,000	$669,981	$964,568	+44%
3,000 to 10,000	$1,263,760	$1,126,187	-11%
10,000 to 30,000	$1,275,171	$2,502,864	+96%
30,000+	$3,256,387	$4,205,284	+29%

2.3 CHIEF OPERATING OFFICER COMPENSATION

Chief Operating Officers oversee a company's operations and report directly to the CEO. COOs are responsible for ensuring the efficient execution of process operations and being aware of safety and quality issues. In companies without a Chief Production Officer or a Chief Engineering Officer, a COO might also pick up these roles.

Headline Findings:

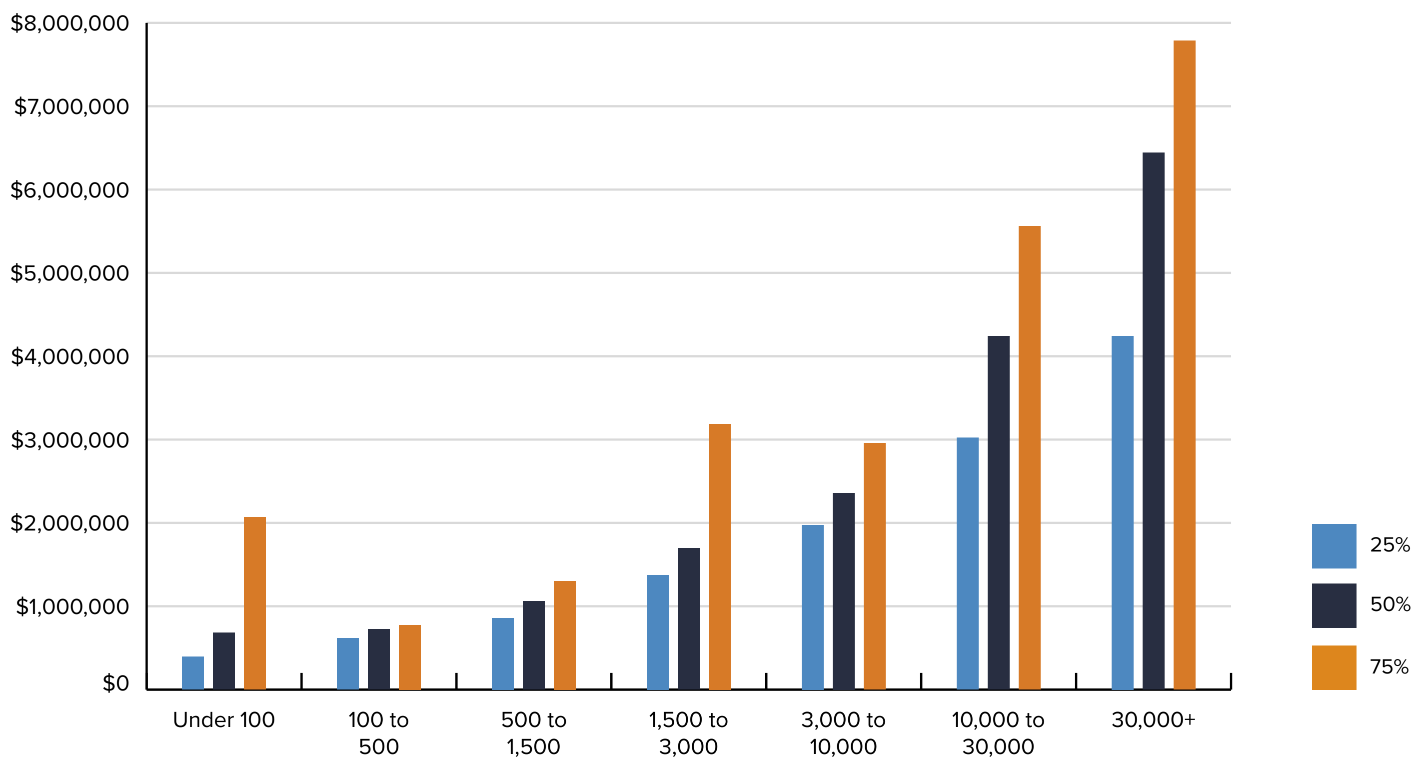
- The Bedford 2023 report collected compensation data on 105 COOs and VP Ops.
- At the median, total compensation varied from $682,350 for companies with asset values under $100 million to $6,441,611 for companies with asset values over $30 billion.
- Annual incentive awards were granted to 94.2% of COOs, an increase from 91% in 2021.
- Several COOs took on additional responsibilities by pursuing VP Production and Engineering positions simultaneously.

Total Compensation

Total compensation amounts for the COO are higher than the CEO and CFO for companies with assets under $100 million due to a more limited number of companies who report a COO in that tier. Like the CEO and CFO, COO total compensation has increased at almost all asset tiers from 2021.

COO MEDIAN TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100	$394,425	$682,350	$2,066,344	+227%
100 to 200	$615,883	$725,323	$774,267	+50%
200 to 500	$858,831	$1,059,842	$1,303,916	0%
500 to 1,000	$1,374,384	$1,694,253	$3,186,612	+9%
1,000 to 5,000	$1,974,352	$2,358,913	$2,954,451	-6%
5,000 to 20,000	$3,020,185	$4,238,299	$5,560,777	+14%
20,000+	$4,242,848	$6,441,611	$7,786,308	+22%

COO Total Compensation



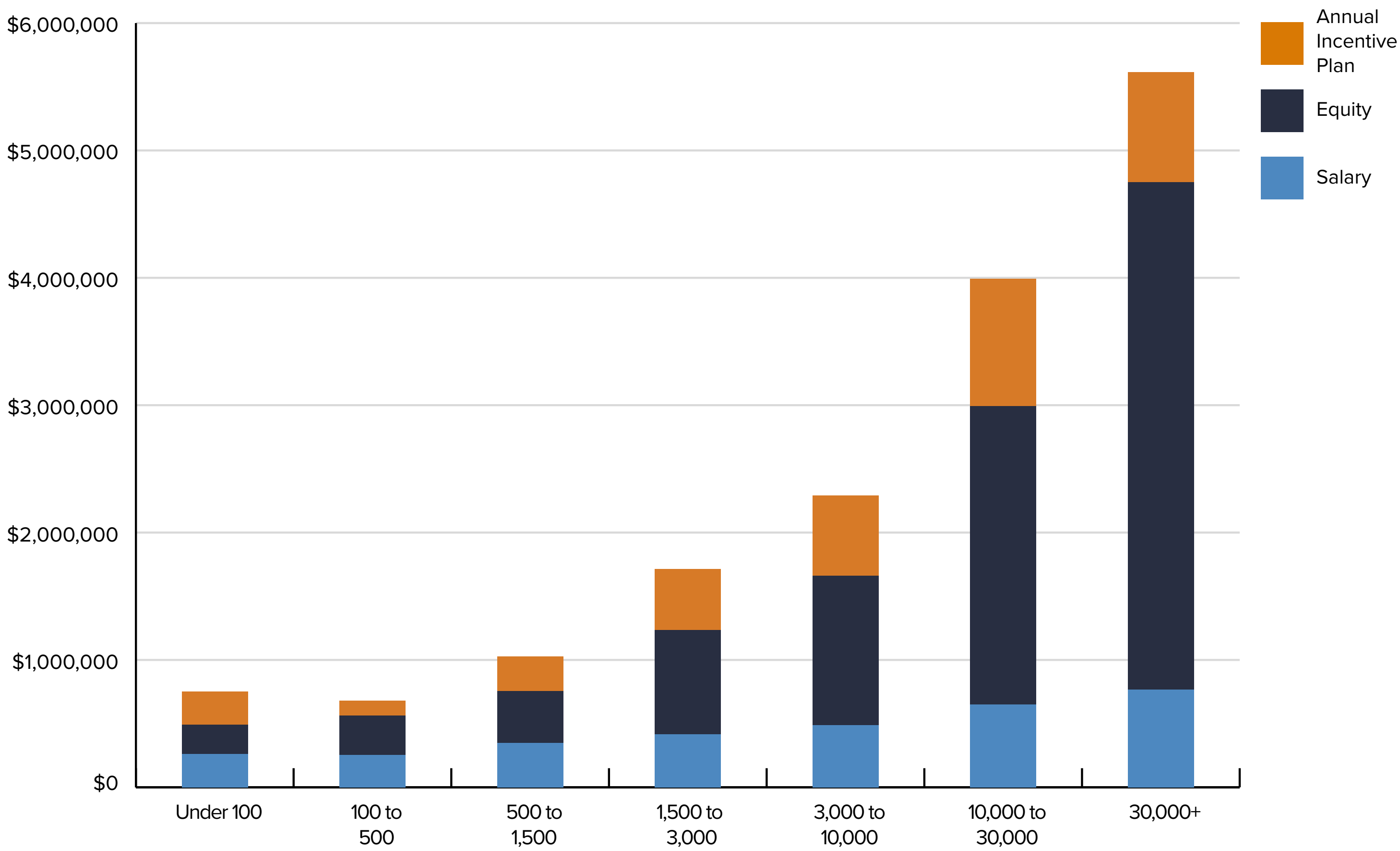
Compensation Structure

The chart below displays the breakdown of COO total compensation at the 25th, 50th and 75th percentiles for the seven different asset value tiers. The value of each cell is calculated individually, so the amounts of Total Direct Compensation are not a sum of each row of data. There was limited data available for companies with assets under $100 million causing inconsistencies for that tier.

ELEMENTS OF COO COMPENSATION				
Assets ($Millions)	Annual Base Salary	Equity-Based Compensation	Annual Incentive Plan/Bonus	Total Direct Compensation
25th Percentile				
Under 100	$198,000	$88,470	$46,875	$394,425
100 to 500	$231,375	$205,820	$81,759	$615,883
500 to 1,500	$277,500	$253,107	$161,930	$858,831
1,500 to 3,000	$338,155	$616,002	$377,968	$1,374,384
3,000 to 10,000	$416,416	$917,219	$435,000	$1,974,352
10,000 to 30,000	$540,359	$1,519,567	$642,617	$3,020,185
30,000+	$644,633	$2,901,422	$682,288	$4,242,848
50th Percentile				
Under 100	$261,150	$230,640	$260,250	$682,350
100 to 500	$255,000	$309,148	$115,000	$725,323
500 to 1,500	$350,000	$403,758	$274,900	$1,059,842
1,500 to 3,000	$416,416	$817,201	$481,000	$1,694,253
3,000 to 10,000	$487,988	$1,170,905	$630,256	$2,358,913
10,000 to 30,000	$650,650	$2,342,107	$1,000,000	$4,238,299
30,000+	$767,767	$3,982,610	$864,844	$6,441,611
75th Percentile				
$217,000	$354,825	$1,402,369	$383,250	$2,066,344
$306,951	$325,398	$404,565	$154,189	$774,267
$401,120	$419,669	$498,549	$391,459	$1,303,916
$526,470	$549,799	$1,413,848	$660,619	$3,186,612
$618,916	$650,650	$1,573,566	$740,000	$2,954,451
$789,705	$916,165	$3,253,269	$1,205,554	$5,560,777
$805,374	$923,923	$5,640,688	$1,411,130	$7,786,308

The following graph provides a visual representation of the different elements that make up a COO's total direct compensation. The graph includes median amounts from the "Annual Base Salary", "Equity" and "Annual Incentive Plan" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation above. The graph shows that equity compensation is the biggest contributor to total direct compensation at all asset tiers over $1.5 billion.

Elements of Median COO Compensation



COO Median Salary Year over Year

- The following table shows the percentage change of median base salary between 2021 and 2022. Median base salaries increased at almost all asset tiers by up to 25%.

CHANGE IN MEDIAN BASE SALARY			
Asset Value ($Millions)	Median Base 2021	Median Base 2022	% Change at Median from 2021
Under 100	$208,500	$261,150	+25%
100 to 500	$265,000	$255,000	-4%
500 to 1,500	$332,178	$350,000	+5%
1,500 to 3,000	$340,467	$416,416	+22%
3,000 to 10,000	$444,993	$487,988	+10%
10,000 to 30,000	$607,466	$650,650	+7%
30,000+	$689,072	$767,767	+11%

Annual Incentive Plan

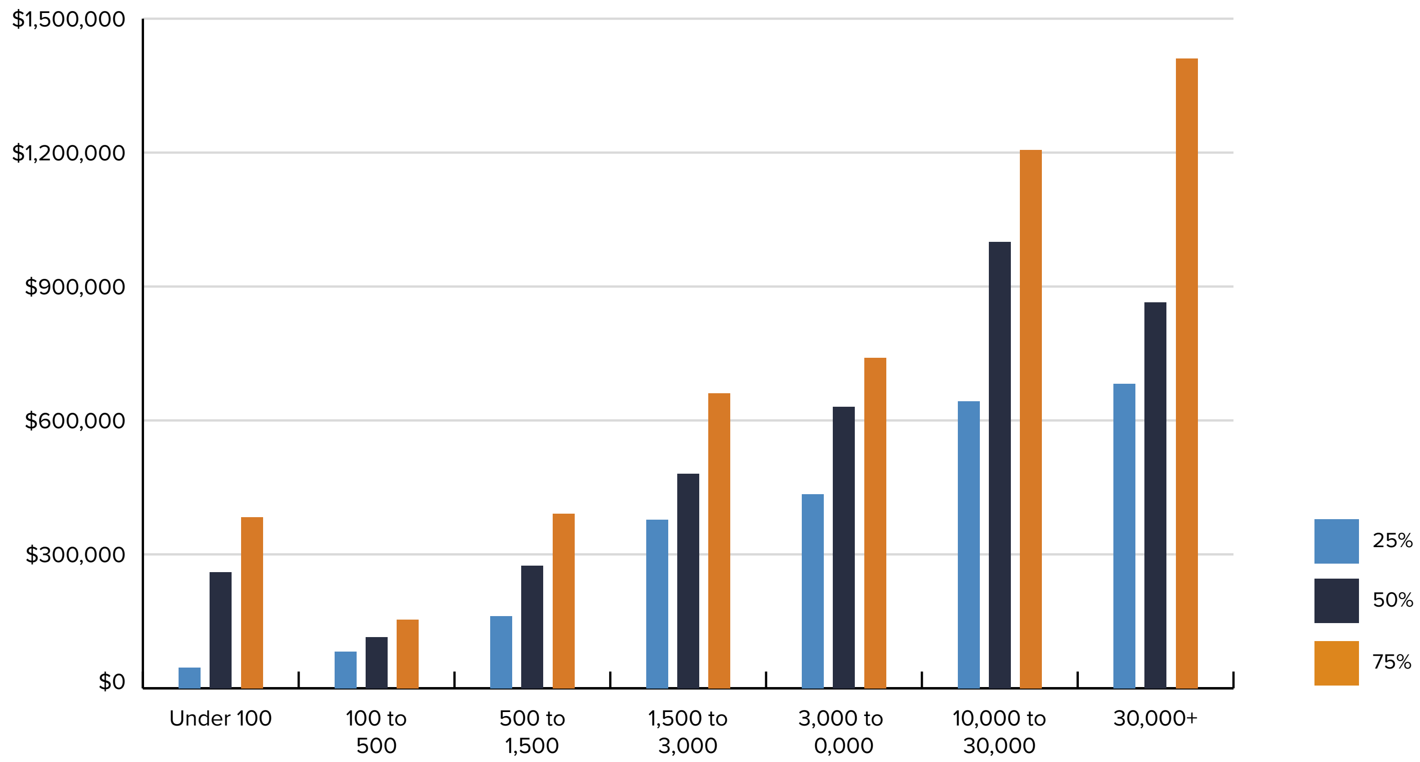
This analysis seeks to reflect COO annual incentive payments in proportion to their respective asset value tiers. In 2022, 91.2% of COOs received an annual bonus compared to 90.8% in 2021. The calculation method for annual bonuses varies by company, but the bonus criteria usually consider personal and corporate performance, with the latter weighted more heavily. A brief description of annual bonus metrics for the oil and gas industry can be found under the CEO section of the report.

The table below summarizes the annual incentive amounts for COOs at each asset value tier. It also outlines the average target bonus reflected as a percent of base salary and the percentage of COOs who received a non-equity incentive in the last fiscal year. The data highlights that the target bonus can range from approximately 55% to 95% of base salary, depending on the asset value range. There were not enough companies with asset values under $500 million who reported target bonus to provide analysis.

COO ANNUAL INCENTIVE						
Asset Value ($M)	25th Percentile	50th Percentile	75th Percentile	% Of COOs who Received Bonus	Target Bonus (% of Base Salary)	% Change at 50th Percentile from 2021
Under 100	$46,875	$260,250	$383,250	67%		
100 to 500	$81,759	$115,000	$154,189	88%		-4%
500 to 1,500	$161,930	$274,900	$391,459	100%	54%	+10%
1,500 to 3,000	$377,968	$481,000	$660,619	95%	91%	+26%
3,000 to 10,000	$435,000	$630,256	$740,000	100%	87%	-9%
10,000 to 30,000	$642,617	$1,000,000	$1,205,554	84%	97%	+28%
30,000+	$682,288	$864,844	$1,411,130	100%	93%	-17%

- There was slightly more variation in bonus grants from 2021 for the COO compared to other executives. This could be due to the number of companies who report data for their COOs.

COO Annual Incentive Payment



- The following table shows the percentage of COOs who received an annual incentive bonus at each asset tier since 2021.

% OF COOs WHO RECEIVED BONUS		
Asset Value ($ millions)	2022 data	2021 data
Under 100	67%	20%
100 to 500	88%	89%
500 to 1,500	100%	100%
1,500 to 3,000	95%	100%
3,000 to 10,000	100%	91%
10,000 to 30,000	84%	94%
30,000+	100%	100%

COO Equity Incentive Analysis

- 97.1% of COOs received an equity incentive grant in 2022 compared to 88% in 2021. Median amount of equity grants increased at all asset value tiers.

CHANGE IN MEDIAN EQUITY GRANT			
Asset Value ($Millions)	Median Equity Grant 2021	Median Equity Grant 2022	% Change at 50th Percentile from 2021
Under 100	$0	$230,640	
100 to 500	$103,732	$309,148	+198%
500 to 1,500	$381,600	$403,758	+6%
1,500 to 3,000	$672,048	$817,201	+22%
3,000 to 10,000	$1,159,278	$1,170,905	+1%
10,000 to 30,000	$1,880,290	$2,342,107	+25%
30,000+	$3,452,051	$3,982,610	+15%

2.4 LEGAL REPRESENTATIVE COMPENSATION

This section provides analysis for legal representatives including but not limited to CLO, VP Legal, and General Counsel. The Chief Legal Officer or top legal representative is a legal executive appointed to govern a firm's legal department, lead in-house attorneys, ensure compliance with all legal, ethical, and regulatory matters, and work to minimize legal risks. The role includes providing legal counsel to the board of directors, board chair, CEO, and other senior management.

Headline Findings:

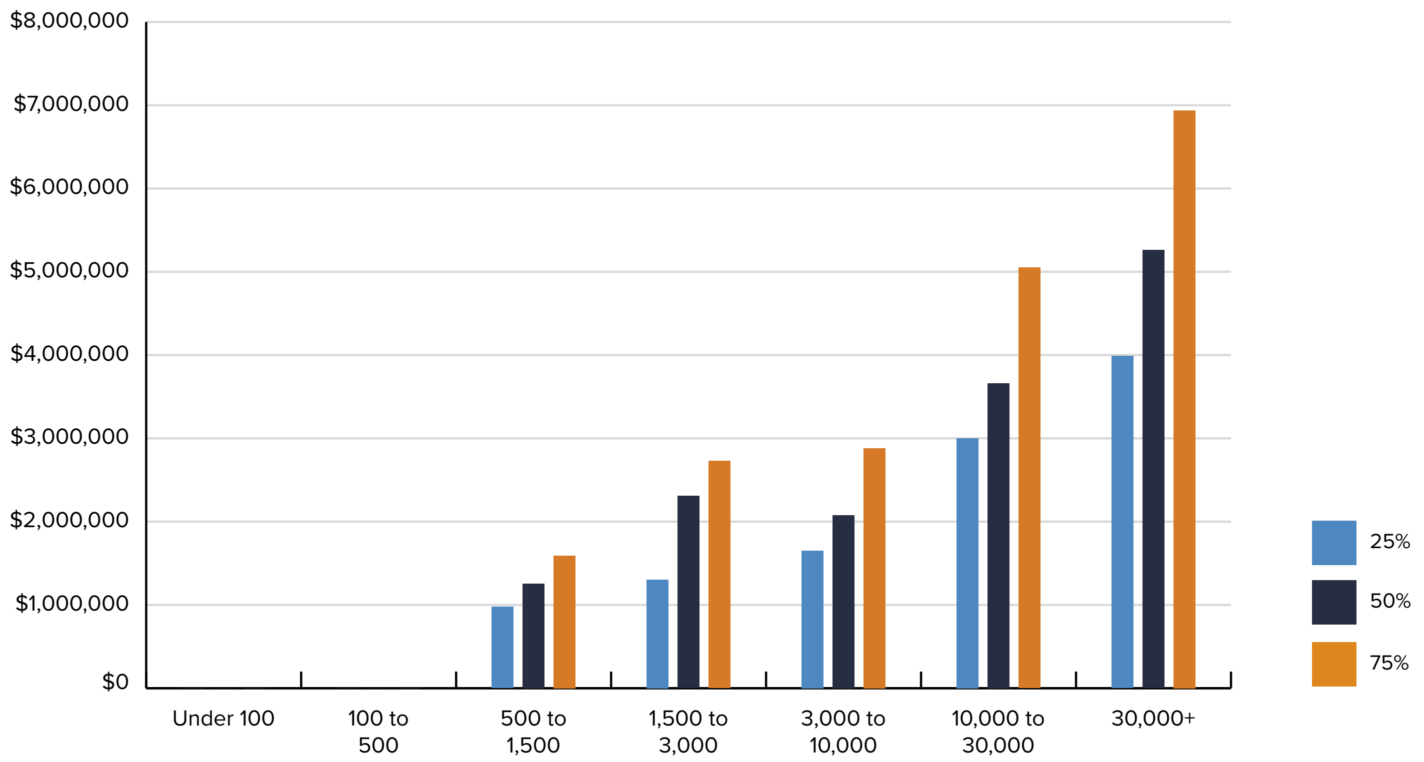
- There was limited data available for companies with asset values under $500 million so analysis was excluded for this tier. There were 58 legal representatives included from the remaining asset tiers.
- Median total compensation ranged from $1,255,186 for companies with asset values between $500 million and $1.5 billion to $5,259,922 for companies with asset values over $30 billion.
- An annual incentive bonus was granted to 96.7% of legal representatives in 2022, compared to 89% in 2021.

Total Compensation

There was more variation of change in year-over-year total compensation for the role of legal representative compared to other executive positions. Decreases in total compensation are a reflection of lower equity grants for this position from 2021.

LEGAL REPRESENTATIVE TOTAL COMPENSATION				
Total Assets ($M)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100				
100 to 500				
500 to 1,500	$975,901	$1,255,186	$1,592,136	-13%
1,500 to 3,000	$1,304,515	$2,308,769	$2,728,500	+67%
3,000 to 10,000	$1,649,939	$2,078,055	$2,883,250	-13%
10,000 to 30,000	$3,000,851	$3,660,629	$5,051,408	+31%
30,000+	$3,988,941	$5,259,922	$6,936,397	-12%

Legal Representative Total Compensation



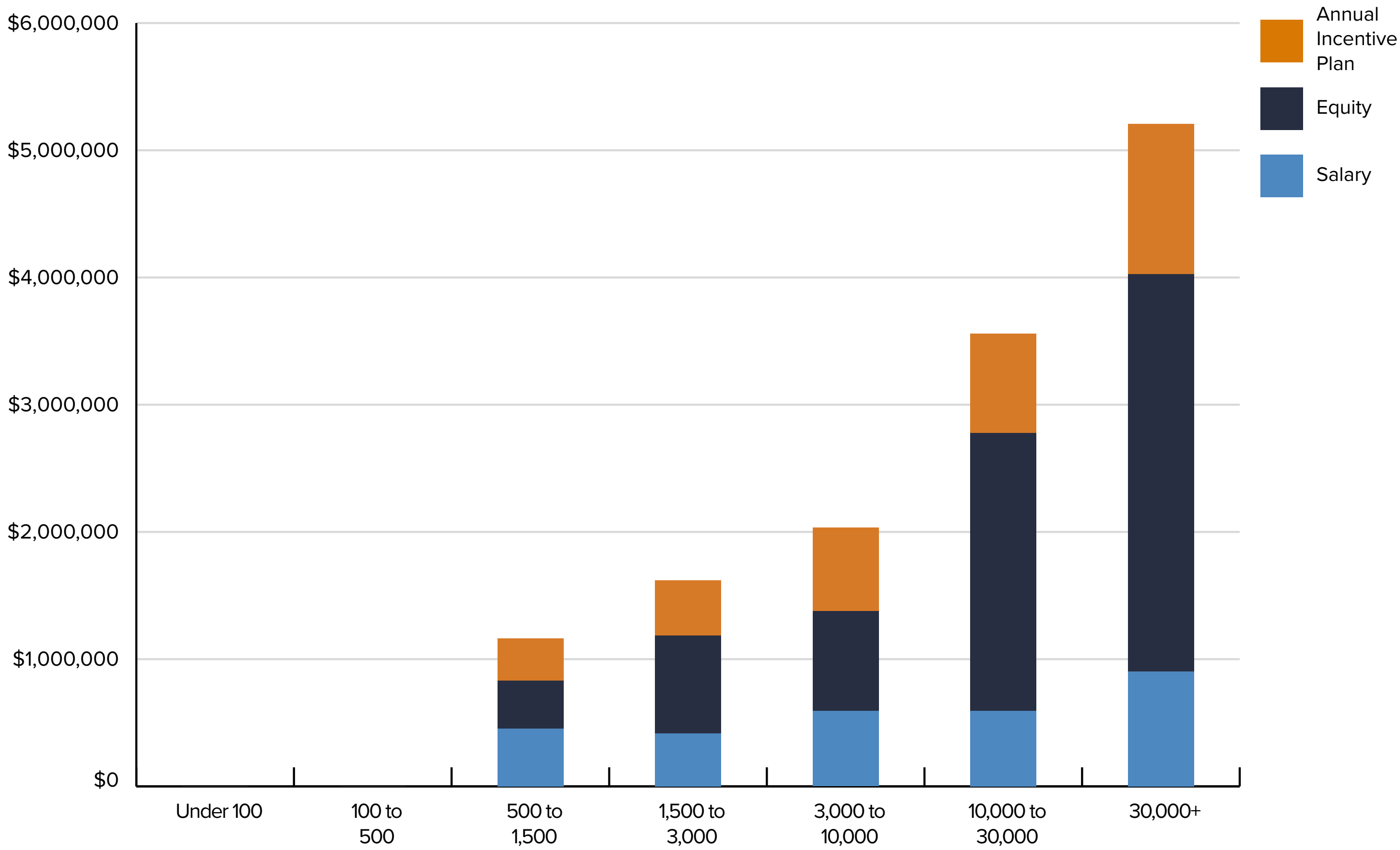
Compensation Structure

The chart below displays the breakdown of legal representative total compensation at the 25th, 50th and 75th percentiles for the five different asset value tiers. The value of each cell is calculated individually, so the amounts of Total Direct Compensation are not a sum of each row of data.

ELEMENTS OF LEGAL REPRESENTATIVE COMPENSATION				
Asset Value ($Millions)	Annual Base Salary	Total Equity	Annual Incentive Plan	Total Direct Compensation
25th Percentile				
Under 100				
100 to 500				
500 to 1,500	$396,897	$233,584	$254,813	$975,901
1,500 to 3,000	$375,000	$511,822	$241,875	$1,304,515
3,000 to 10,000	$520,520	$623,139	$420,120	$1,649,939
10,000 to 30,000	$510,760	$1,567,295	$567,898	$3,000,851
30,000+	$633,192	$2,466,180	$793,944	$3,988,941
50th Percentile				
Under 100				
100 to 500				
500 to 1,500	$455,195	$374,472	$335,111	$1,255,186
1,500 to 3,000	$416,416	$768,384	$435,936	$2,308,769
3,000 to 10,000	$592,092	$787,512	$655,035	$2,078,055
10,000 to 30,000	$594,671	$2,183,002	$779,354	$3,660,629
30,000+	$904,404	$3,123,250	$1,180,279	$5,259,922
75th Percentile				
Under 100				
100 to 500				
500 to 1,500	$485,282	$488,809	$475,522	$1,592,136
1,500 to 3,000	$520,520	$1,084,393	$750,623	$2,728,500
3,000 to 10,000	$632,041	$1,610,281	$832,829	$2,883,250
10,000 to 30,000	$783,220	$2,711,828	$906,877	$5,051,408
30,000+	$962,962	$4,190,188	$1,378,910	$6,936,397

The following graph provides a visual representation of the different elements that make up a legal representative's total direct compensation. The graph includes median amounts from the "Annual Base Salary", "Equity" and "Annual Incentive Plan" columns in the previous table. As each cell was calculated individually, total compensation in the graph below may not exactly match total compensation above. The graph shows that equity compensation is the biggest contributor to total direct compensation at all asset tiers over $1.5 billion and that median total direct compensation increases exponentially for companies with asset values over $10 billion.

Elements of Median Legal Representative Compensation



Legal Representative Median Salary Year over Year

- Median base salary increased at all asset tiers from 2021.

CHANGE IN MEDIAN BASE SALARY			
Asset Value ($Millions)	Median Base 2021	Median Base 2022	% Change at Median from 2021
Under 100			
100 to 500			
500 to 1,500	$400,493	$455,195	+14%
1,500 to 3,000	$375,525	$416,416	+11%
3,000 to 10,000	$543,930	$592,092	+9%
10,000 to 30,000	$532,738	$594,671	+12%
30,000+	$731,000	$904,404	+24%

Annual Incentive Payments

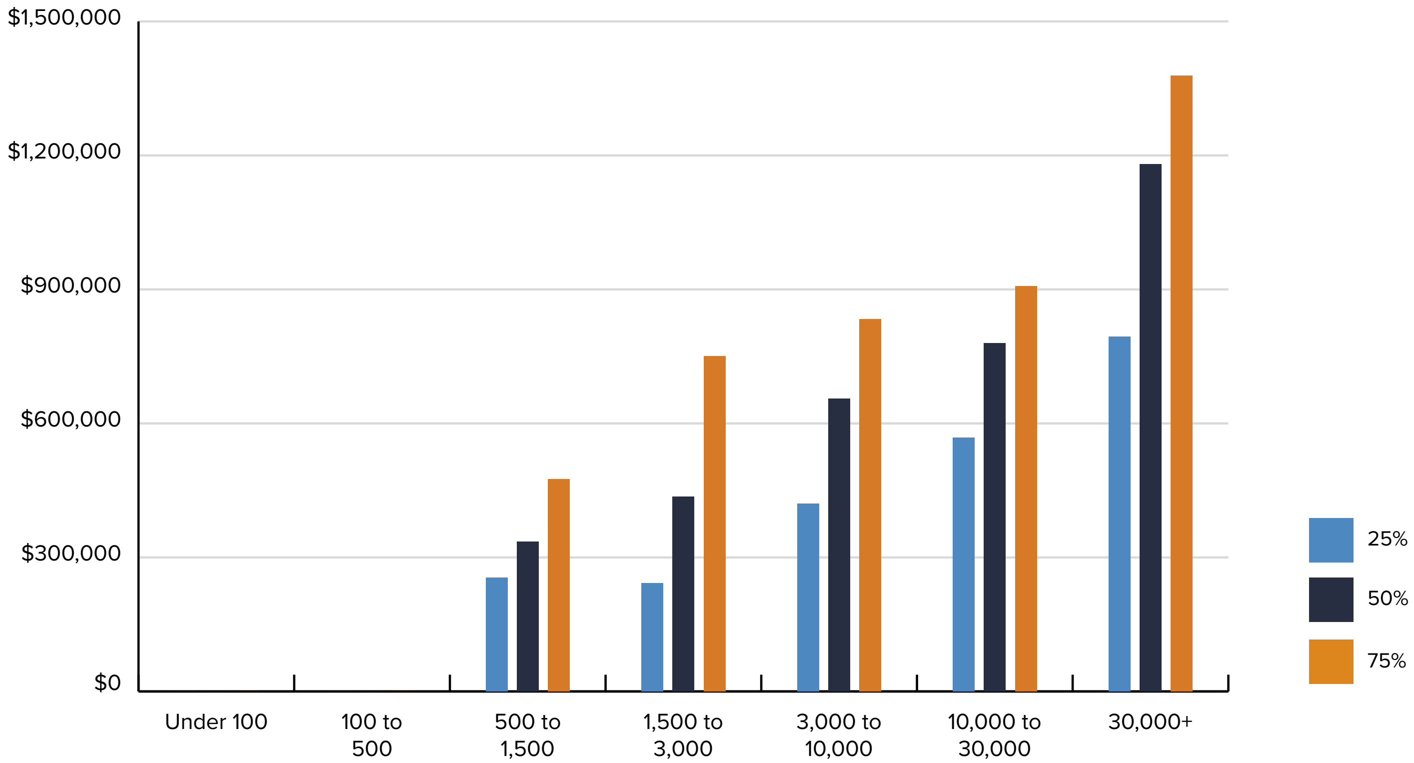
This analysis seeks to reflect legal representative annual incentive payments in proportion to their respective asset value tiers. Annual incentives were awarded to 96.7% of legal representatives in 2022 (89% in 2021). The calculation method for annual bonuses varies by company, but the bonus criteria usually consider personal and corporate performance, with the latter weighted more heavily. A brief description of annual bonus metrics for the oil and gas industry can be found under the CEO section of the report.

The table below summarizes the annual incentive amounts for legal representatives at each asset value tier. It also outlines the average target bonus reflected as a percent of base salary and the percentage of representatives who received a non-equity incentive in the last fiscal year. The data highlights that target bonus can range from approximately 75% up to 90% of base salary, depending on the asset value range.

LEGAL REPRESENTATIVE ANNUAL INCENTIVE						
Asset Value ($M)	25th Percentile	50th Percentile	75th Percentile	% Who Received Bonus	Target Bonus (% of Base Salary)	% Change at 50th Percentile from 2021
Under 100						
100 to 500						
500 to 1,500	$254,813	$335,111	$475,522	100%	75%	+35%
1,500 to 3,000	$241,875	$435,936	$750,623	100%	79%	+62%
3,000 to 10,000	$420,120	$655,035	$832,829	100%	89%	-8%
10,000 to 30,000	$567,898	$779,354	$906,877	92%	89%	+41%
30,000+	$793,944	$1,180,279	$1,378,910	100%	86%	+40%

- Median bonuses ranged from $335,111 in the $500 million to $1.5 billion asset value tier to $1,180,279 In companies with assets over $30 billion.

Legal Representative Annual Incentive Payment



- The following table shows the percentage of legal representatives who received an annual incentive bonus at each asset value tier since 2021. More legal representatives received a grant in 2022 at all tiers.

% OF LEGAL REPS WHO RECEIVED BONUS		
Asset Value ($ millions)	2022 data	2021 data
Under 100		
100 to 500		
500 to 1,500	100%	88%
1,500 to 3,000	100%	89%
3,000 to 10,000	100%	93%
10,000 to 30,000	92%	85%
30,000+	100%	89%

Legal Representative Equity Incentive Analysis

96.7% of all legal representatives received an equity incentive grant in 2022 compared to 91% in 2021. The dollar amount of equity grants was slightly more varied than other NEO positions, likely due in part to less companies reporting a legal representative role, resulting in a more limited dataset.

CHANGE IN MEDIAN EQUITY GRANT			
Asset Value ($Millions)	Median Equity Grant 2021	Median Equity Grant 2022	% Change at 50th Percentile from 2021
Under 100	$0	$0	
100 to 500	$0	$0	
500 to 1,500	$585,569	$374,472	-36%
1,500 to 3,000	$512,200	$768,384	+50%
3,000 to 10,000	$1,137,136	$787,512	-31%
10,000 to 30,000	$1,559,295	$2,183,002	+40%
30,000+	$3,655,422	$3,123,250	-15%

2.5 NEO EQUITY ANALYSIS

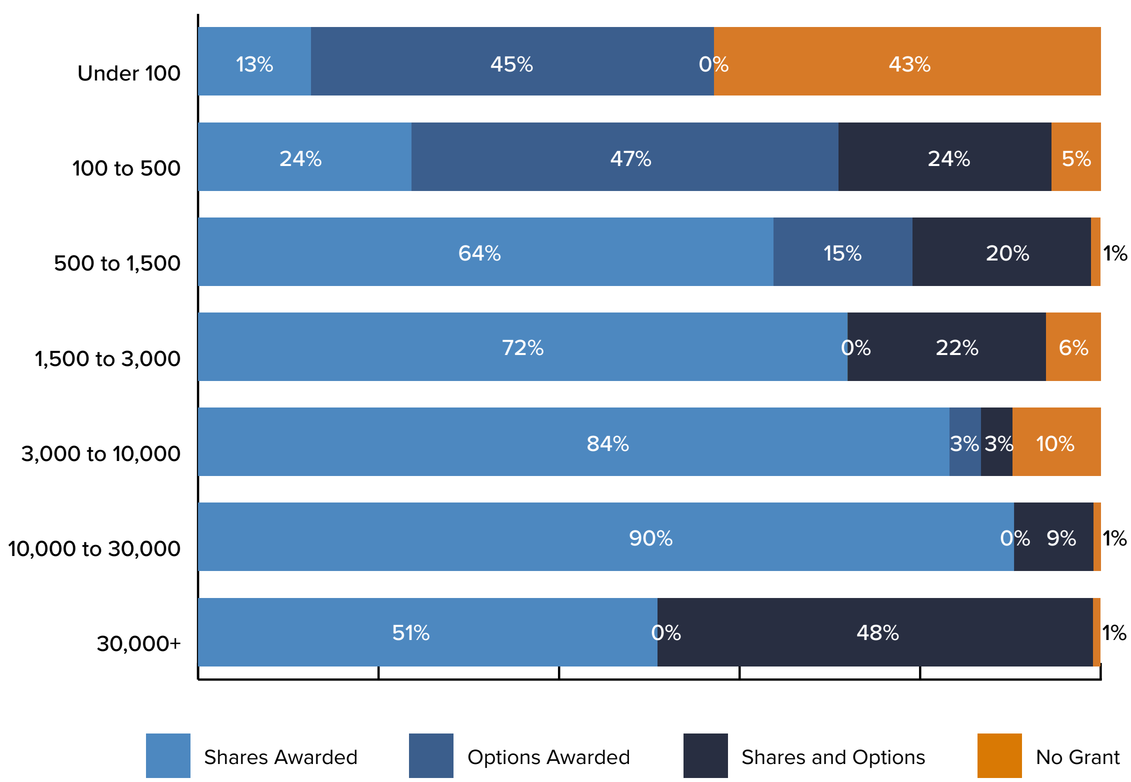
In the Director compensation section, Bedford provided a breakdown of share versus option grants, as well as a description of RSUs and DSUs. Like Directors, RSUs remain a common form of equity compensation for executives. Another form of equity compensation used by companies in the dataset is Performance Share Units (PSUs) which are linked to performance metrics. Shareholder rights groups like the ISS and Glass Lewis encourage companies to rely on performance-based awards such as PSUs or performance-based RSUs (pRSUs), which tie equity compensation payouts to the overall performance of the company, with a focus on shareholder return.

Equity compensation continues to be one of the most common methods of incentivizing NEOs to drive growth. As a result, as seen in the "Elements of NEO Compensation" charts presented earlier in this report, equity compensation accounts for a large portion of NEO total compensation, especially in companies with asset values over over $1.5 billion.

Share and Option Related Compensation

- This section provides an analysis of the distribution between share-based and option-based awards at each asset tier.
- The relative bar chart below shows, for each asset value tier, the percentage of executives who received share and/or option awards. While option-based awards are more common for companies with asset values below $500 million, the most common form of equity compensation used by the oil and gas industry is shares.
- Of the NEOs in the dataset:
  - 64% received shares only.
  - 11% received options only.
  - 18% received a combination of shares and options.
  - 7% did not receive an equity grant.

NEO Equity Compensation Structure



Breakdown of Share-Related Compensation

- The following table shows the number of companies who granted Stocks/RSUs vs. the number who granted PSUs to their executives in 2022 at each asset value tier.
  - Options are used primarily by companies with asset values under $500 million.
  - PSUs and RSUs are both relied on equally for all asset tiers above $1.5 billion.

STOCK/RSU vs PSU ANALYSIS			
Total Assets ($M)	Stock/ RSUs	PSUs	Options
Under 100	1	2	8
100 to 500	7	3	10
500 to 1,500	17	13	8
1,500 to 3,000	14	15	3
3,000 to 10,000	25	24	2
10,000 to 30,000	25	26	1
30,000+	20	22	13

3.0 SEVERANCE ANALYSIS

3.1 CEO SEVERANCE UPON TERMINATION AND CHANGE OF CONTROL

CEO Severance upon Change of Control

- 63% of CEOs had a change of control agreement with their company.
- The most common agreement for the CEO entitled the respective member to 24 months of salary plus 24 months of bonus. The next most common agreement was 36 months of salary and bonus.
- Best practice by shareholder rights groups like the ISS and Glass Lewis encourage a double trigger event for pay out after a change of control.

CEO SEVERANCE UPON CHANGE OF CONTROL					
Bonus (number of months)	Salary (number of months)				
	12	18	24	30	36
0	2%	1%	3%		4%
12	8%	1%	1%		3%
18		5%	1%		
24			**37%**		4%
30				4%	
36					25%

CEO Severance upon Termination Without Cause

- 58% of CEOs were entitled to a pay out in the event of termination without cause.
- The most common agreement entitled the respective member to 24 months of salary and bonus. The next most popular option was 12 months of salary and bonus.

CEO SEVERANCE UPON TERMINATION WITHOUT CAUSE						
Bonus (number of months)	Salary (number of months)					
	6	12	18	24	36	48
0		5%	1%	10%		
6	1%					
12		14%	1%	1%		
18			8%			
24		1%		**49%**		
36					6%	
48						1%

3.2 NEO SEVERANCE UPON TERMINATION AND CHANGE OF CONTROL

NEO Severance upon Change of Control

- 59% of the remaining NEOs (excluding CEOs) had a change of control agreement with their company.
- The most common agreement for the NEO entitled the respective member to 24 months of salary and bonus. The next most common agreement was 18 months of salary and bonus.

NEO SEVERANCE UPON CHANGE OF CONTROL								
Bonus (number of months)	Salary (number of months)							
	6	9	12	15	18	24	30	36
0			2%		2%	4%	1%	2%
6	2%							
9		1%						
12			12%		1%	2%		
15				1%				
18					14%	0.3%		
24			1%			**34%**		1%
30							11%	
36								10%

NEO Severance upon Termination Without Cause

- 55% of NEOs were entitled to a pay out in the event of termination without cause.
- The most common agreement entitled the respective member to 12 months of salary and bonus. The second most common payout was tied between 18 months of salary and bonus, and 24 months of each.

NEO SEVERANCE UPON TERMINATION WITHOUT CAUSE							
Bonus (number of months)	Salary (number of months)						
	6	9	12	15	18	24	36
0			8%		5%	4%	
6	5%						
9		1%					
12			**28%**		2%		
15				1%			
18					21%		
24			1%		3%	21%	
36							0.8%

4.0 EXECUTIVE SHARE OWNERSHIP REQUIREMENTS

Share ownership guidelines require directors and/or executives to have a minimum equity stake in the organization. The intention is to align interests of the company with those of the shareholders. Although share ownership guidelines are not mandated in Canada, they are considered a good governance practice.

In most cases, executives are required to obtain a certain multiple of their base salary as equity, and they have a defined number of years to achieve said level of ownership. Typically, only full shares, and equity settled RSUs, PSUs and DSUs count towards the share ownership requirements; options are generally excluded.

CEO Share Ownership Requirements

- 66.2% of CEOs had a defined share ownership requirement.
- The most common requirement was 5x base salary within 5 years.

CEO SHARE OWNERSHIP REQUIREMENTS								
Years to Achieve	Ownership Requirement - Multiple of Salary							
	1x	2x	3x	4x	5x	6x	7x	8x
Undisclosed			1%		8%	4%	1%	3%
2 years						1%		
3 years	1%		5%	1%	2%	2%		
4 years		1%						
5 years	1%	1%	13%	3%	**36%**	17%		1%

NEO Share Ownership Requirements

- 54% of the remaining NEOs, including VPs, GMs and C-Suite executives had a share ownership requirement.
- NEOs are most often required to obtain 2-3x their annual salary within 5 years.

NEO SHARE OWNERSHIP REQUIREMENTS						
Years to Achieve	Ownership Requirement - Multiple of Salary					
	</= 1x	1.5x	2x	3x	4x	5x
Undisclosed	4%		3%	7%	2%	1%
3 years	3%		1%	6%	1%	1%
4 years			1%			
5 years	9%	4%	22%	**28%**	5%	1%

5.0 DIVERSITY, GOOD GOVERNANCE AND REGULATED REPORTING REQUIREMENTS

5.1 DIVERSITY

The Evolution of Diversity Hiring for Canadian Boards and Senior Management Teams

For over a decade, gender representation and board diversity has grown as a topic of interest in academic circles, with regulators, and in corporate boardrooms. At the highest level, the argument in favour of increased diversity is straightforward; with women representing 50% of the population, board renewal creates the opportunity to introduce new ideas and perspectives which contribute to driving value for shareholders. At a more granular level, it has been argued that board diversity promotes "lower levels of risk-taking, higher levels of firm innovation, and greater overall firm value."[7] Morgan Stanley Capital International has stated that "...companies with strong female leadership at the board level generated a return on equity 36.4% higher than companies without a critical mass of women on their boards."[8]

The push for greater board diversity was accelerated significantly in the United States and Europe with the State Street Global Advisors' (State Street) "Fearless Girl" campaign launch in March of 2017. With Blackrock and Vanguard quickly following State Street's lead, three of the most prominent asset managers in the world had adopted policies against re-electing directors with companies they viewed as making limited efforts to appoint women to corporate boards.[9]

Generally, countries have responded by adopting one of two approaches to increasing board diversity: minimum quotas, such as "40%" (in countries like France and Norway) and "comply or explain" (used in Canada, the US, Sweden, and Finland). While the former approach has led to the greater inclusion of women in corporate governance, progress overall would best be described as "modest". Despite adopting a wide range of policies and initiatives, a 2021 OECD review of 50 jurisdictions showed that female participation on the boards of large, listed companies had only increased from 15.5% in 2013 to 25.1%.[10]

Canada remains a "comply or explain" jurisdiction. For TSX-listed companies, women in 2022 held 26% of corporate board seats. This figure increases for S&P/TSX Composite companies (32.9%) and again for S&P/TSX 60 companies (36%)[11]. While Canadian public companies trail other jurisdictions in terms of board diversity, the pressure for increasing participation of women, indigenous, and other diverse peoples is steadily growing:

- In 2014, Canadian Securities Administrators mandated gender diversity disclosure at the board and executive officer levels for non-venture TSX issuers, codifying the "comply or explain" rule.

- Effective January 1, 2020, the Canadian Business Corporations Act (CBCA) was amended to require all corporations governed by the CBCA with publicly traded securities, including venture issuers, to disclose the number and percentage of women, aboriginal persons, members of visible minorities and persons with disabilities on the board and within senior management.

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[7] "Profiting from Risk Management and Compliance", The Hon. Todd Archibald & Kenneth Jull, Thomson Reuters, 2021, at 4:20.

[8] "Invested in Gender Diversity", Rahki Kuar, State Street, published by the International Monetary Fund, March 2019.

[9] "The Big Three and Board Gender Diversity: The Effectiveness of Shareholder Voice", Gormly, Gupta, Matsa, Mortal, and Yang, National Bureau of Economics, April 2023.

[10] "Enhanced gender diversity on boards and in senior management of public companies", Emeline Denis, OECD Working Papers No. 28, 2022

[11] "2022 Diversity Disclosure Practices – Diversity and Leadership at Canadian Public Companies", Osler, Hoskin, & Harcourt LLP, October 2022.

- Effective February 1, 2023, Institutional Shareholder Services (ISS) began recommending a vote against the chair of the nominating committee for TSX Composite Companies whose board composition does not include 30% women. Further, the ISS:
  - Now requires all TSX-listed companies to have at least one woman on their board.
  - Will require all TSX Composite companies to have at least one board member who is racially/ethnically diverse, beginning in 2024.
- Effective January 1, 2023, Glass Lewis began recommending a vote against the chair of the board's nominating committee that was not at least 30% gender diverse, or the entire nominating committee of a board with no gender diverse directors, at companies listed on the TSX.
  - For boards of issuers on junior exchanges, Glass Lewis has maintained their minimum threshold of one gender diverse director on the board.

Notwithstanding the CBCA's requirement to disclose diversity hiring for the boards and senior management teams of Canadian publicly traded companies, which has been in place for three years, progress has been incremental. In preparing its report on Diversity of Boards of Directors and Senior Management of Federal Distributing Companies, Innovation, Science, and Economic Development Canada (ISEDC) studied the proxies of 498 Canadian public companies[12]. While 450 of these companies disclosed diversity hiring at the board and senior management level, less than 35% had adopted written policies for identifying and nominating diverse directors. The reasons offered by Canadian issuers for not adopting written policies include[13]:

- Informal procedures are in place.
- A policy prevents the selection of the most qualified candidate.
- A policy is currently under review by the company.
- A policy is not in the best interest of the company or its shareholders.
- The size of the corporation and/or stage of development makes it difficult to adopt a policy.

Implications for Canadian Oil and Gas Companies

According to Bedford's dataset, the oil and gas industry had the highest percentage of female board members (26.6%) compared to our findings from our mining (21.8%) and clean technology (23.8%) reports. However, the proportion of female CEOs was low, with only 3.2% of CEOs identifying as female. While companies researched showed an awareness of the potential benefits of diversity representation on the senior management team, few companies report on concrete measures to promote executive or board diversity. This is consistent with the ISEDC Annual Report.

Observed board nominating practices in this year's study, intentional or otherwise, may be exacerbating diversity of thought on Canadian oil and gas company boards, increasing the risk that boards could be taking a narrower view on strategic issues, potentially resulting in sub-optimal decisions for shareholders.

To look more closely at the experience and expertise of board members, Bedford randomly selected 40 companies from those included in this report across all asset value tiers. More than two thirds of companies had two or more board members who had either worked for, or served on the boards of, common companies, increasing the risk of "group think" on critical issues. Over the next 12 months, Bedford intends to explore this finding in greater detail.

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[12] Diversity of Boards of Directors and Senior Management of Federal Distributing Companies – 2022 Annual Report, ISEDC, Government of Canada, last modified May 10th, 2023

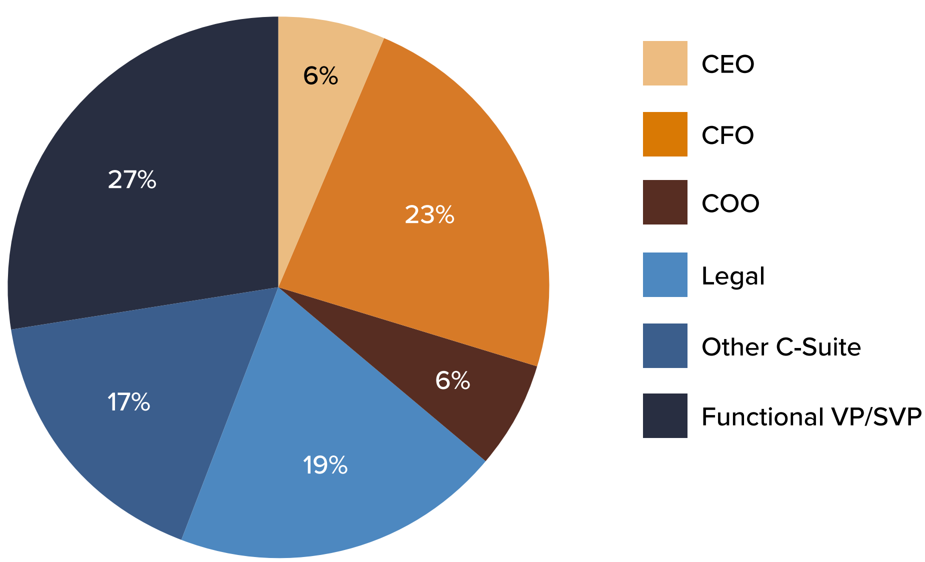
[13] "2022 Diversity Disclosure Practices – Diversity and Leadership at Canadian Public Companies", Osler, Hoskin, & Harcourt LLP, October 2022.

Rather than ticking a box, oil and gas company boards and senior management teams need to recognize the potential benefits of adding diversity of thought beyond gender and race. Nominating committees and senior executive teams would benefit from a robust consideration of the following actions, in addition to adopting a written policy on diversity for boards and executive teams, to promote greater diversity:

- Develop a board skills matrix to clearly define gaps in experience or expertise.
- Consider utilizing a board diversity matrix, defining the number of board members who identify as each gender, and whether they are part of a visible minority. These tables have been mandated by the Nasdaq and examples are included further in the report.
- Look beyond traditional recruiting pools of professional services firms or existing industry networks.
- Research the practices within companies, industries, or jurisdictions that have led to greater success in diversifying board composition.
- Look beyond traditional recruiting pools to consider the benefits of bringing in someone from a different industry sector who could share outside knowledge and techniques.
- Implement board member term limits to promote board renewal.

For executives in the oil and gas sector, 11.6% of NEOs identified as female in 2022 compared to 9.7% in 2021. The following pie graph highlights the roles of the female NEOs in the dataset. CFO was the most common role filled by females for 2022. C-Suite roles not identified below include President, CHRO/People Officer, Technical Officer, Accounting Officer, and Exploration Officer. Additionally, approximately 29% of female executives fell into a wide array of functional VP roles including Engineering, Corporate Affairs, Marketing, Midstream, Land, and so on.

Female Executive Roles



5.2 GOOD GOVERNANCE AND REPORTING PRACTICES

One of the challenges that Bedford's clients face is staying on top of changes to good governance expectations and reporting requirements. Over the past 24 months, regulators in the United States have mandated several reporting disclosures. This includes incorporating a Board Disclosure Matrix related to member diversity for Nasdaq-listed companies, and tables outlining executive pay practices versus company performance required by the Securities Exchange Commission for US-listed companies. Bedford included requirement outlines in its 2022 report and provides real-life examples in the following sections.

Bedford watches trends and reporting requirements from the United States closely as they often become mandated in Canada over time. This may be because of changes to requirements by the Canadian Stock Exchanges or adoption by the ISS and Glass Lewis as good governance practices. The Institutional Shareholder Services' (ISS) new minimum expectation for racially/ethnically diverse members which "...reflects broadened Canadian disclosure requirements [...] and increasing investor expectations of board diversity[14]" is an excellent example of these changes, and brings Canada closer to what is already being required by the Nasdaq. Many of Bedford's recent clients have also requested a review of their proxy disclosures and governance practices against recommendations set out by shareholder rights groups. With the increased global focus on good governance and ESG, Bedford can be an invaluable resource in assisting companies in meeting emerging reporting challenges.

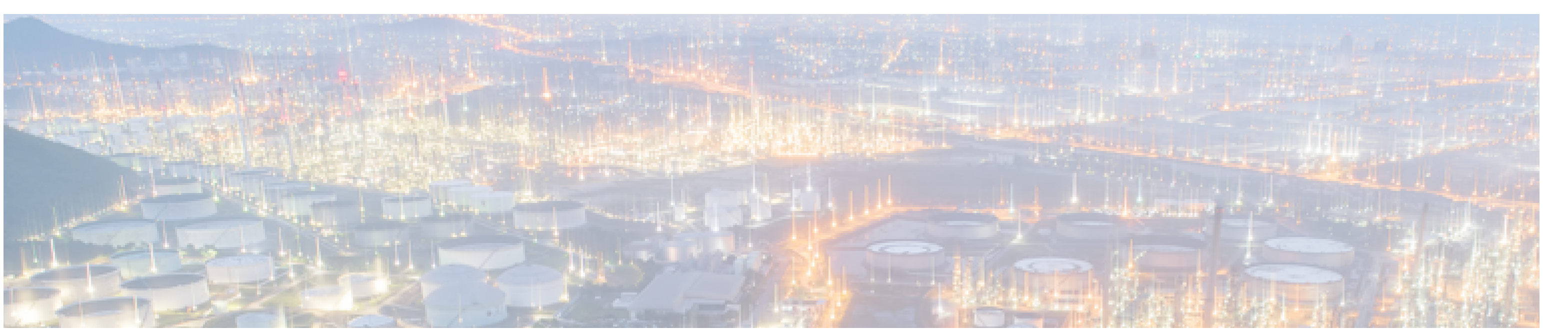
The following sections highlight some good governance practices encouraged by shareholder rights groups.

Dilution Cap

Many Canadian companies operate on a "rolling" plan, whereby a company is authorized to issue a fixed percentage of its issued share capital (typically around 10%) as compensatory shares. While this is most commonly seen for option plans, some companies will also include shares in their 10% rolling cap. Venture firms require annual shareholder approval of their share plan, whereas firms on the TSX are required to resubmit for approval every three years.

Given the substantially greater cost of full-value award grants, Glass Lewis considers rolling limits for share plans (excluding options) above 5% excessive. However, for omnibus plans with a rolling limit greater than 5%, Glass Lewis "will consider the company's historical granting practices, the composition of the awards granted (i.e., the proportion of full value awards granted to options granted), and any associated performance conditions in making its recommendations"[15].

While the TSX and shareholder rights groups permit rolling plans, there is a growing movement amongst institutional shareholders to vote against rolling plans in favour of a fixed cap plan. A fixed cap plan allows issuance of a fixed number of shares under the plan, instead of one based on a rolling percentage as outstanding shares change.



[14] ISS Insights 2023 Benchmark Policy Updates: https://insights.issgovernance.com/posts/iss-announces-2023-benchmark-policy-updates/

[15] Glass Lewis 2023 Policy Guidelines: www.glasslewis.com/wp-content/uploads/2022/11/Canada-Voting-Guidelines-2023-GL.pdf

Annual Value-Adjusted Burn Rate

The ISS released a methodology change for calculation of burn rates effective the 2023 proxy season (for meetings on or after February 1, 2023). The ISS is adopting a "Value-Adjusted Burn Rate" (VABR) approach to measuring the amount of shareholder wealth granted in the form of equity compensation over an annual and three-year basis. A key question boards need to consider is the VABR the company should apply when determining the number of shares available year over year. The VABR calculation is as follows:

$$\frac{(\text{\# of options} * \text{option's dollar value using a Black-Scholes model}) + (\text{\# of full-value awards} * \text{stock price})}{(\text{Weighted average common shares} * \text{stock price})}$$

Benchmarks have been established by shareholder rights groups. While they are not binding in any way, the benchmark VABR is widely accepted as a good governance practice and Bedford advises its clients to apply this guideline[16].

Pay for Performance Alignment

There continues to be a push for companies to publicly justify their executive compensation. The ISS and Glass Lewis encourage avoiding arrangements that risk compensating for failures. This includes using long or indefinite contracts, excessive severance packages and situations that allow for "guaranteed compensation". Guaranteed bonuses (especially as a multiyear occurrence) may drive a negative recommendation from Glass Lewis[17].

The ISS believes that corporate and individual performance targets should be used to tie short-term incentive payments to performance. This could include company-wide or divisional financial measures, and nonfinancial factors related to employee turnover, safety, environmental issues, and customer satisfaction. Disclosure in proxies should include the company's performance targets, as well as the actual target achieved relative to the goal. The company should also set maximum payouts/stretch targets, and any changes to these targets should be justified using a peer group or other benchmarking methods[18]. For Long-Term Incentives, Glass Lewis recommends a minimum of 50% of awards should be performance-based, up from 35% in previous years[19].

Executive pay practices should be designed to attract, retain, and appropriately motivate the key employees who drive shareholder value creation over the long term. ISS will use a quantitative screen and a qualitative analysis on a case-by-case basis to evaluate the appropriateness of pay-for-performance alignment, and ensure it emphasizes long-term shareholder value. Qualitative measures include a review of the ratio of performance-to-time-based equity awards, company practices compared to the benchmarking peer group, and the results of financial/operational metrics. Quantitative evaluation examines whether pay-for-performance measures lie within a range of typical values[20].

As stated in Bedford's 2022 report, in August 2022, the Securities and Exchange Commission (SEC) adopted rules requiring registrants to provide disclosure of pay versus performance in proxies with mandated executive compensation publication[21]. The disclosure requirements do not apply to emerging growth companies[22], registered investment companies, or foreign private issuers. It will require information showing the relationship between executive compensation actually paid and the financial performance of the company, considering changes in the value of shares dividends as well as any distributions. Companies may include graphic representation of the information.

[16] ISS Canada Equity Plan Scorecard FAQ: www.issgovernance.com/file/policy/active/americas/Canada-Equity-Plan-Scorecard.pdf

[17] Glass Lewis 2023 Policy Guidelines: www.glasslewis.com/wp-content/uploads/2022/11/Canada-Voting-Guidelines-2023-GL.pdf

[18] ISS Canada – Proxy Voting Guidelines for TSX-Listed Companies: www.issgovernance.com/file/policy/active/americas/Canada-TSX-Voting-Guidelines.pdf

[19] Ibid. 17

[20] Ibid. 18

[21] Security Exchange Commission Pay Versus Performance: https://www.sec.gov/rules/final/2022/34-95607.pdf

[22] The SEC defines an "Emerging Growth Company" as an issuer with total annual gross revenues of less than US$1.07 billion during its most recently completed fiscal year.

A table is now required to disclose specified executive compensation amounts and financial performance measures. For the first applicable filing after the rules came into effect, two to three years of disclosure were required (based on whether the company was considered a Smaller Reporting Company - SRC), with additional years added in the subsequent two annual proxy filings, eventually requiring five years of disclosure (three for SRCs). Tables must include:

- A summary of total compensation and a measure of "compensation actually paid" for the principal officer and an average of the NEOs,
- The company's Total Shareholder Return,
- Total Shareholder Return of a peer group,
- Net Income,
- A financial performance measure chosen by the company.

Table information will describe the relationship between the performance measures, the actual compensation paid, and the relationship between the company and weighted peer group TSR.

An example of reporting, pulled from the proxy circular of Northern Oil and Gas, Inc. and reported over three years (based on the requirement at inception), is provided for reference[23].

PAY VERSUS PERFORMANCE								
Year	Summary Compensation Table Total for PEO	Compensation Actually Paid to PEO	Average Summary Compensation Table Total for Other NEOs	Average Compensation Actually Paid to Other NEOs	Value of Initial Fixed $100 Investment Based on:		Net Income ($ in millions)	Relative TSR Percentile vs. 2022 Comp Peer Group
					Total Shareholder Return	Peer Group (Industry Index) Total Shareholder Return		
2022	$2,920,473	$4,586,132	$1,206,938	$1,731,366	$136.82	$125.98	773.2	81.25%
2021	$2,618,648	$3,775,304	$1,143,263	$1,577,661	$88.61	$89.50	6.4	37.50%
2020	$1,392,882	$250,343	$728,845	$425,848	$37.44	$69.00	(906.0)	37.50%

Northern Oil & Gas provides additional tables and descriptions with relation to:

- PEO and Average NEO "Compensation Actually Paid" over 3 years,
- Graphic representation of the relationship between Pay and Performance, including PEO and Non-PEO Compensation, Company TSR, and Industry Index TSR,
- Graphic representation of Compensation Actually Paid Versus Net Income, and
- Graphic representation of Compensation Actually Paid versus Relative TSR Percentile.

While this legislated reporting requirement is currently only mandated by the SEC, Bedford is watching closely to see if the requirements are adopted by the TSX.

[23] Northern Oil & Gas, Inc. - https://www.sec.gov/ix?doc=/Archives/edgar/data/1104485/000110448523000086/nog-20230413.htm

Board Structure, Independence, and Compensation

Board members are required to objectively oversee strategic direction, evaluate management effectiveness, set appropriate executive compensation, maintain internal control processes, and drive long-term shareholder value creation. This is why most board influence should reside with independent directors.

It is still beneficial for non-independent directors to be on the board, as management brings knowledge and experience that significantly contributes to business decisions. However, majority independence is required for directors to objectively fulfill the mandate of the board and make decisions that may counter management's self-interests.

Best practice under corporate governance standards recommends that the board have a majority of independent directors, as well as a nominating and compensation committee composed entirely of independent directors.

Further, shareholder rights groups encourage avoiding inappropriate pay practices for non-executive directors. This includes, where appropriate, the granting of Performance Share Units. According to the ISS, "Compensation to outside directors should not compromise their independence and ability to make appropriate judgments in overseeing executive pay and performance"[24]. This is also a contributing factor as to why boards for companies outside of North America typically do not grant shares tied to company performance to their directors, choosing instead to award cash retainers and fees only.

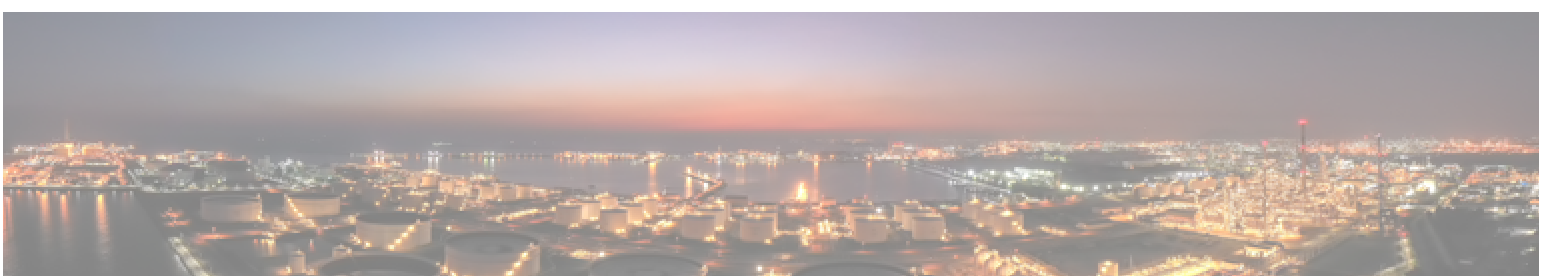
In August of 2021, the SEC approved Nasdaq's Board Diversity Rule, a disclosure standard designed to encourage a minimum board diversity objective for its listed companies. It also provides stakeholders with consistent, comparable disclosures concerning a company's current board composition.

Nasdaq's Board Diversity Rule requires companies listed on the Nasdaq exchange to:

- Publicly disclose board-level diversity statistics using a standardized template, and
- Have or explain why they do not have at least two diverse directors.

The transition to this standard must occur over the course of the next three years. An "Initial Board Disclosure Matrix" was required to be in company proxies effective August 2022. Nasdaq-listed companies are required to have at least one diverse director (or provide an explanation for not having one) by 2023 and have two diverse directors (or provide explanation) by 2025 or 2026[25].

Nasdaq Board Diversity tables are based on self-identified gender and racial characteristics and LGBTQ+ status which each director voluntarily confirms. The following is an example of an acceptable initial disclosure matrix. Additional templates are avalable through the Nasdaq[26].



[24] ISS Canada – Proxy Voting Guidelines for TSX-Listed Companies: www.issgovernance.com/file/policy/active/americas/Canada-TSX-Voting-Guidelines.pdf

[25] NASDAQ's Board Diversity Rule: What Companies Should Know: https://listingcenter.nasdaq.com/assets/Board%20Diversity%20Disclosure%20Five%20Things.pdf

[26] Board Diversity Matrix Instructions and Templates: https://listingcenter.nasdaq.com/assets/Board%20Diversity%20Disclosure%20Matrix.pdf

BOARD DIVERSITY MATRIX (As of Date)				
Total Number of Directors				
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	#	#	#	#
Part II: Demographic Background				
African American or Black	#	#	#	#
Alaskan American or Native American	#	#	#	#
Asian	#	#	#	#
Hispanic or Lantix	#	#	#	#
Native Hawaiian or Pacific Islander	#	#	#	#
White	#	#	#	#
Two or More Races or Ethnicities	#	#	#	#
LGBTQ+	#			
Did Not Disclose Demographic Background	#			

Following the initial disclosure (which required information for the current year only) for each subsequent year, the company must publish its data for the current year and prior year. While there are several approved tables to report subsequent years, Bedford has provided an example below for reference.

BOARD DIVERSITY MATRIX								
	As of (date)				As of (date)			
Total Number of Directors	#				#			
Part I: Gender Identity	Female	Male	Non-Binary	Did Not Disclose Gender	Female	Male	Non-Binary	Did Not Disclose Gender
Directors	#	#	#	#	#	#	#	#
Part II: Demographic Background								
African American or Black	#	#	#	#	#	#	#	#
Alaskan American or Native American	#	#	#	#	#	#	#	#
Asian	#	#	#	#	#	#	#	#
Hispanic or Lantix	#	#	#	#	#	#	#	#
Native Hawaiian or Pacific Islander	#	#	#	#	#	#	#	#
White	#	#	#	#	#	#	#	#
Two or More Races or Ethnicities	#	#	#	#	#	#	#	#
LGBTQ+	#				#			
Did Not Disclose Demographic Background	#				#			

As with most governing rules, there are several reporting exceptions for Special Purpose Acquisition Companies (SPCAs, until business combination is complete), as well as in limited partnerships, closed-end funds, management investment companies, issuers of exchanged-traded products, etc.[27] Reporting table modifications are required in instances where principal executive offices are outside of the US and where Foreign Private Issuers cannot disclose Board Diversity information due to home country privacy laws. Bedford can provide more information upon request.

While this level of disclosure is not currently required by Canadian regulators, trends and requirements from the United States are often adopted in Canada over time as a mandated requirement or as a good governance practice recommended by the ISS and/or Glass Lewis. It is important to note, as previously mentioned, effective in 2024, the ISS will expect Canadian S&P/TSX Composite Index constituents to have at least one racially/ethnically diverse director[28]. Further, if a Board has no gender diverse directors, Glass Lewis will generally vote against all members of the Nominating Committee. This could partly be in response to the Nasdaq's rules.

Double Trigger vs. Single Trigger Change in Control Agreements

In the event of a change of control, single trigger or modified single trigger arrangements are considered Problematic Pay Practices in the view of the ISS. A single trigger clause in a change of control agreement gives the executive the right to resign with severance for any reason, or no reason, when there is a change of control.

Glass Lewis considers double-trigger change in control arrangements, which require both a change in control and termination or constructive termination, to be best practice. Further, Glass Lewis believes that "excessively broad definitions of change in control are potentially problematic as they may lead to situations where executives receive additional compensation where no meaningful change in status or duties has occurred"[29].

Problematic Pay Practices

While Bedford has touched on some good governance practices above, ultimately, the ISS and Glass Lewis consider the following to be Problematic Pay Practices[30]:

- **Poor disclosure practices –** general omission of timely and necessary information/rationale.
- **New CEO with overly generous new hire package –** includes excessive "make whole" provisions and incorporates any pay practices listed in this section.
- **Egregious employment contracts** that contain guarantees for salary increases, bonuses or equity compensation and multiyear guarantees.
- **Employee Loans –** used for the purpose of exercising options or acquiring equity to meet shareholder requirements or for compensation, with little to no interest.
- **Excessive severance and/or change in control provisions –** severance/CIC payments in excess of 2-3x cash pay (base + bonus, depending on the shareholder rights group), awarding severance after failure to perform job functions appropriately, CIC payouts upon single trigger or modified single trigger, post-employment perquisites such as car allowance, use of aircraft, etc.

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[27] NASDAQ's Board Diversity Rule: What Companies Should Know: https://listingcenter.nasdaq.com/assets/Board%20Diversity%20Disclosure%20Five%20Things.pdf

[28] ISS Proposed Benchmark Policy Changes for 2023 - https://www.issgovernance.com/file/policy/2022/2023-Benchmark-Policy-Changes-For-Comment.pdf

[29] Glass Lewis 2023 Policy Guidelines - https://www.glasslewis.com/wp-content/uploads/2022/11/Canada-Voting-Guidelines-2023-GL.pdf

[30] ISS Canada Executive Compensation FAQs - https://www.issgovernance.com/file/policy/active/americas/Canada-Executive-Compensation-FAQ.pdf

- **Abnormally large bonus payouts or LTIP awards without adequate justification or performance links.**
- **Egregious pension/supplemental executive retirement plan payouts.**
- **Excessive perks –** reimbursement of taxes, personal security systems maintenance or installation, excessive base salary agreements.
- **Payment of dividends on performance awards.**
- **Problematic option granting practices** including backdating options, springloading options, or cancellation and subsequent re-grant of options.
- **Internal pay disparity** between the CEO and the next-highest paid NEO.
- **Absence of pay practices that discourage excessive risk taking –** including, but not limited to, anti-hedging policies, clawbacks, holdbacks, ownership requirements, deferred bonus, and equity award compensation.

This list is not comprehensive and there may be other pay practices that could be deemed problematic in certain situations.

Say on Pay

The “Say on Pay” vote allows shareholders to play an active role in determining Board and Executive compensation policies and shareholders increasingly want to know that their voices are heard. ISS recommends voting case-by-case on executive compensation packages.

43.6% of companies included a “Say on Pay” vote in their proxy circular for the 2022 fiscal year. This becomes more common in companies with market caps over $200 million (70.6%).

Shareholders’ opinions help set out compensation philosophies and structures that are often tied to personal and corporate performance outcomes, and act as an essential check and balance on the payouts, greatly increasing shareholder engagement.

Shareholders have many concerns about compensation including:

- Unjustified increases in remuneration,
- Overly complex compensation packages,
- Increases in base salary in excess of inflation,
- Base salary increases where previous performance has been weak,
- Lack of a clear link between performance and bonus payouts, particularly when profit targets are not met,
- Lack of stretch targets,
- The absence of claw-back provisions,
- Termination and change-of-control arrangements.

ISS encourages shareholders to vote against any plan that supports Problematic Pay Practices including:

- Poor disclosure practices,
- New CEO with overly generous new hire package,
- Egregious employment contracts,
- Employee Loans,
- Excessive severance and/or change-in-control provisions.

Bedford expects "Say on Pay" votes to become increasingly common at public companies' annual general meetings. As cases of shareholders voting down executive compensation plans continue to increase, the message to Boards and management teams is clear: compensation plans must be clearly defined, fair and aligned with shareholder interest.

While this section provides an overview of some changes and expectations in good governance and regulated practices, the list is not exhaustive. Companies are encouraged to contact Bedford for any help or advice regarding compensation practices, legislation, good governance practices, or reporting.

6.0 EXECUTIVE SUMMARY OF KEY TOTAL COMPENSATION TABLES

BOARD MEMBER TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at Median from 2021
Under 100	$11,964	$48,676	$130,840	+33%
100 to 500	$94,730	$121,741	$160,352	+16%
500 to 1,500	$117,500	$207,640	$257,457	+4%
1,500 to 3,000	$163,559	$209,561	$294,966	-3%
3,000 to 10,000	$211,000	$280,250	$354,585	+6%
10,000 to 30,000	$296,080	$377,917	$398,851	+6%
30,000+	$326,626	$422,923	$462,025	+11%

CEO TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100	$290,600	$425,255	$730,900	+47%
100 to 500	$938,237	$1,301,300	$1,610,925	+77%
500 to 1,500	$1,789,231	$2,235,961	$3,770,123	-12%
1,500 to 3,000	$2,761,928	$4,851,758	$5,750,537	+23%
3,000 to 10,000	$4,064,729	$5,475,674	$8,969,888	+28%
10,000 to 30,000	$7,807,734	$10,257,475	$16,281,600	+6%
30,000+	$11,311,107	$16,622,169	$24,110,532	+20%

CFO TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100	$284,629	$474,975	$1,204,017	+108%
100 to 500	$683,354	$751,208	$889,106	+51%
500 to 1,500	$862,457	$1,252,751	$1,972,298	+9%
1,500 to 3,000	$1,275,681	$1,915,079	$2,681,308	+7%
3,000 to 10,000	$1,774,546	$2,358,322	$3,676,163	-6%
10,000 to 30,000	$2,930,099	$4,479,285	$5,612,721	+35%
30,000+	$4,347,907	$6,834,769	$9,299,607	+14%

EXECUTIVE SUMMARY OF KEY TOTAL COMPENSATION TABLES (continued)

COO MEDIAN TOTAL COMPENSATION				
Assets ($ millions)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100	$394,425	$682,350	$2,066,344	+227%
100 to 200	$615,883	$725,323	$774,267	+50%
200 to 500	$858,831	$1,059,842	$1,303,916	0%
500 to 1,000	$1,374,384	$1,694,253	$3,186,612	+9%
1,000 to 5,000	$1,974,352	$2,358,913	$2,954,451	-6%
5,000 to 20,000	$3,020,185	$4,238,299	$5,560,777	+14%
20,000+	$4,242,848	$6,441,611	$7,786,308	+22%

LEGAL REPRESENTATIVE TOTAL COMPENSATION				
Total Assets ($M)	25th Percentile	50th Percentile	75th Percentile	% Change at 50th Percentile from 2021
Under 100				
100 to 500				
500 to 1,500	$975,901	$1,255,186	$1,592,136	-13%
1,500 to 3,000	$1,304,515	$2,308,769	$2,728,500	+67%
3,000 to 10,000	$1,649,939	$2,078,055	$2,883,250	-13%
10,000 to 30,000	$3,000,851	$3,660,629	$5,051,408	+31%
30,000+	$3,988,941	$5,259,922	$6,936,397	-12%

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Frank leads Bedford's executive compensation and resource-based recruiting practices. He has advised companies on compensation and performance metrics for over 20 years and has authored the Bedford Compensation Report since 2009.

Frank has advised Boards and executive management on executive pay policy, compensation trends, incentive plans, employment contracts and directors' compensation. In addition, he manages executive search assignments for companies in mining and metals, construction, power, oil and gas, and is the worldwide mining practice leader for TRANSEARCH International, the leading international association of executive search firms.

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