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# 1 INTRODUCTION

At Pason, we place considerable focus on developing a culture where employees are free to perform their duties within an environment that is honest, fair and complies with laws and regulations where we operate. This also means that we must do more than simply follow the law. We have to “do the right thing” and we have to do it every day. In order to achieve this, we must use our culture and rely on the good judgement of individuals when determining what is right.

The purpose of this Code of Conduct and Ethics Policy (the Code) is to provide employees with a general guide to assist them in making ethical decisions. We are committed to putting our customers first and the Code governs our conduct between employees, customers, competitors, suppliers and contractors that we work with everyday. Because we want our business providers, customers and investors to understand how we do business and what they can expect from us, this Code appears on the Pason website and is available to the public.

Because we rely on employees to use their judgement and do the right thing, all employees are expected to use their “Right to Challenge” any unethical behaviour they encounter. Everyone should feel comfortable to raise a concern to a manager, and we would always prefer that you challenge individuals and managers directly per our culture. However, we understand there are times when this may not be practical, comfortable or possible. When these situations exist, Pason has a confidential Ethics Hotline, Ethics Officer, Human Resources or the chair of the Audit Committee. Senior management is always available to assist you with any concerns you may have if discussion with your manager is uncomfortable. Please refer to the Reporting section of this Code for more information.

## 2 SCOPE AND RESPONSIBILITIES

The Code applies to every employee of Pason, and you are expected to review, understand, and abide by the Code. Violations of the Code can have serious consequences for Pason, your peers or you. These can range from public embarrassment to criminal charges and can result in disciplinary action up to and including dismissal.

No one, regardless of seniority, has the authority to ask you to engage in behaviour that you consider unethical, unsafe or illegal and you have the “Right to Challenge” or report any situation that makes you uncomfortable, without fear of retaliation. If you are in a situation, which you believe may violate or lead to a violation of this Code, follow the procedures set out under the Reporting section of this Code.

This Code is a guideline and cannot cover every situation. If you come across a situation you are unsure of or you simply have questions or concerns, you should not hesitate to discuss it with your Manager, or a member of the People & Culture or Legal department.

## 3 COMPLIANCE AND LAWS

### **We act with honesty and integrity and comply with laws, rules and regulations.**

Everyone at Pason is expected to respect and obey the laws, rules, and regulations of the jurisdictions in which we operate. We continually monitor laws and regulations that apply to our worldwide operations, however, we trust our employees to follow the spirit of the law and do the right and ethical thing when the law is not specific. If a local law conflicts with our Code, we will follow that law. If a local business practice conflicts with our Code, we will follow our Code. Above all, if there are any questions or concerns, there are various resources available to you to ask for help. You are encouraged to speak with your manager, Human Resources or if you are unsure, Pason's Ethics Officer or Pason's legal counsel.

You will find that this Code provides guidance but cannot address every situation that you may encounter. We rely on you to exercise good judgement in your decision-making and to seek guidance from your manager whenever you have questions or concerns that are not answered by the Code.

### **We respect trade issues in worldwide markets.**

From time to time, foreign governments and the United Nations have imposed boycotts and trading sanctions against various governments and regions, which must be obeyed. Advice regarding the current status of these matters must be obtained from the Chief Financial Officer.

## 4 CONFLICTS OF INTEREST

### **We avoid and manage potential conflicts of interest.**

A “conflict of interest” exists when a person’s private interests interfere in any way, with the interests of Pason. A conflict situation arises when we take actions or have interests that may make it difficult to perform our work objectively and effectively. Conflicts of interest may also arise when we (or a member of our family) receive personal benefits as a result of our position in Pason. Loans to, or guarantees of obligations to, employees and officers and their family members by Pason may create conflicts of interest and, in certain instances, are prohibited by law.

It is a conflict of interest for Pason employees to work for a competitor, customer or supplier. Direct or indirect business connection with customers, suppliers or competitors should be avoided; except as required on Pason’s behalf.

Conflicts of interest are prohibited as a matter of company policy, except as approved by the Board of Directors. Conflicts of interest may not always be clear-cut, therefore, consultation with your manager is strongly encouraged. Anyone who becomes aware of a conflict or potential conflict should bring it to the attention of a manager, Human Resources or the Ethics Officer.

### **We refuse to make improper payments.**

It is prohibited by Pason and is unlawful in many countries for employees, officers and directors to give anything of value (bribes), directly or indirectly, to officials of governments or political candidates in order to obtain or retain business. It is strictly prohibited to make such illegal payments to government officials of any country.

Pason takes the additional measure of prohibiting its employees, officers and directors from offering similar bribes, directly or indirectly, to employees of private or public businesses in order to obtain or retain business.

In addition, the promise, offer or delivery of a gift, favour or other gratuity to a government official or employee of a business would not only violate company policy but could also be a criminal offense.

### **We refrain from making any political contributions.**

Except as approved in advance by the Chief Executive Officer or Chief Financial Officer, Pason prohibits political contributions (directly, indirectly, or through trade associations) by the company or its business units. This includes: (a) any contributions of company funds or other assets for political purposes; (b) encouraging individual employees to make any such contribution; or (c) reimbursing an employee for any contribution.

Individual employees are free to make personal political contributions as they see fit.

## **We believe in competition and fair dealing.**

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance and service and never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Everyone at Pason should endeavour to respect the rights of and deal fairly with Pason's customers, suppliers, competitors and employees. We should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other illegal trade practice.

We will not engage in price fixing, bid rigging, allocation of markets or customers, or similar illegal activities. Price fixing involves establishing a price of a product or service, rather than allowing it to be determined naturally through free-market forces. Bid rigging is an agreement where, in response to a call or request for bids, one or more bidders agree not to submit a bid, or two or more bidders agree to submit bids that have been prearranged among themselves. Allocation of markets or customers implies agreements between competitors to divide markets or certain customers among themselves. These types of activities are criminal offenses that are enforceable under various Competition Acts and Antitrust Enforcement within the countries Pason operates and will not be tolerated.

Business entertainment and gifts in a commercial setting are used to create goodwill and sound working relationships, not to gain unfair advantage with customers. Gifts or entertainment should be offered, given or accepted when: (1) it is not a cash gift, (2) it is consistent with customary business practices, (3) it is a reasonable value, (4) it cannot be construed as a bribe or payoff; and (5) it does not violate any laws, regulations or applicable policies of the other party's organization. Again, if you are in doubt, you are encouraged to speak with your manager, Human Resources, Pason's Ethics Officer or Pason's legal counsel in advance of acceptance of any gifts.

Always remember that many companies have specific rules regarding gifts. Before giving or receiving gifts, employees should always understand and respect each company's rules. Please discuss with your manager any gifts or proposed gifts that you are not certain are appropriate.

## 5 FISCAL INTEGRITY AND RESPONSIBILITY

### **We ensure accurate and complete financial reporting.**

As a public company, the integrity of our financial reports and accounting records is based on validity, accuracy, completeness, timeliness and understandability of basic information supporting entries to the company's books of account. We expect employees involved in creating, processing or recording such information to be personally responsible for its integrity.

We are expected to comply with all financial reporting and accounting regulations applicable to Pason. Any concerns or complaints regarding accounting or auditing matters of the company should be submitted by one of the methods described in the Reporting section below.

### **We uphold the highest standards for record-keeping, financial controls and disclosure.**

Pason requires honest, accurate and timely recording and reporting of information in order to make responsible business decisions and accurately calculate our financial results.

All business expense accounts must be documented and recorded accurately and in a timely manner. If you are not sure whether a certain expense is legitimate, ask your manager or Controller.

Pason's books, records, accounts and financial statements must be maintained in reasonable detail; must appropriately reflect the company's transactions; must be promptly disclosed in accordance with any applicable laws or regulations, and must conform both to applicable legal requirements and to the company's system of internal controls.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that may be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to the company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult Pason's legal counsel. Refer to Pason's Disclosure Policy for more information.

### **We handle any insider information appropriately and lawfully.**

Any non-public or undisclosed information about Pason should be considered confidential information. Anyone who has access to confidential information about Pason or any other entity are not permitted to use or share that information for the purposes of trading in Pason securities, the other entity's securities, or for any other purpose except for the conduct of the business. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical, but also illegal. If you have any questions, please consult Pason's Disclosure Policy for trading company stock.

## **We do not engage in improper influence on the conduct of auditors.**

It is prohibited to directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence Pason's independent auditors for the purpose of rendering the financial statements of the company. Prohibited actions include, but are not limited to, (1) the issue or reissue a report on the company's financial statements that is not warranted in the circumstances (due to material violations of generally accepted accounting principles, generally accepted auditing standards, or other professional or regulatory standards); (2) not to perform an audit, review or other procedures required by generally accepted auditing standards or other professional standards; (3) not to withdraw an issued report; or (4) not to communicate matters to the company's audit committee.

## **We protect our assets and ensure their proper and safe use.**

Everyone is responsible for protecting Pason's assets and ensuring their efficient, proper and safe use. Theft, carelessness and waste have a direct and negative impact on the way we carry out our business. Pason's assets are to be used for legitimate business purposes only. Pason's assets should not be used for non-company business or personal use. Any suspected incident of fraud or theft should be immediately reported for investigation.

In addition to protecting Pason's physical assets, Pason's proprietary information is equally important. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary and employee personal information, and any unpublished financial data and reports. Unauthorized use or distribution of this information is a violation of the Code. It could also be illegal and result in civil or criminal penalties. We all have a personal responsibility to use every appropriate means to safeguard our company's assets from loss, theft, damage or misuse and the responsibility to keep personal and confidential information secured. Refer to Pason's Disclosure Policy and Privacy Policy for more information.

## 6 HEALTH, SAFETY AND THE ENVIRONMENT

### **We ensure a safe and healthy work environment for all employees.**

Pason is committed to the health and safety of its employees, both on and off the jobsite. We all have a responsibility for maintaining a safe and healthy workplace for everyone at Pason by following environmental, health and safety rules and practices and by reporting accidents, injuries, unsafe equipment, unsafe practices or unsafe conditions. Pason employees follow the rules and practices outlined in the North American Safety Manual as outlined by OHS standards in Canada and OSHA standards in the US and employees working in our international operations follow country-specific safety manuals to comply with unique characteristics of their country's laws and industry practices. Pason also provides ongoing training and certification for employees in safety sensitive areas and upholds a minimum standard of specific safety training required for all employees.

In addition, we are expected to perform our duties in a safe manner, free of the influences of alcohol, illegal drugs or controlled substances. The use of illegal drugs in the workplace poses a threat not only to Pason employees but to others around them and will not be tolerated. Refer to Pason's Alcohol and Drug Policy for more information.

### **We value and respect the environment and demonstrate social responsibility.**

Pason conducts business with respect for the environment and the communities in which we work. We should take reasonable steps to minimize our environmental footprint by reducing waste, toxic emissions, spills and consider the environmental footprint of our products and services. We must comply with all environmental laws and regulations.

As individuals and as a company, Pason contributes time and resources within the local communities we operate to promote the health, welfare and economic stability of our communities around the world.

## 7 EMPLOYMENT PRACTICES

### **We treat others with respect and do not tolerate discrimination or harassment.**

We are committed to a philosophy based on fairness and concern for all employees. We will strive toward providing a workplace that treats everyone equally and will not discriminate anyone based on their race, color, religion, sex, age, marital status or national origin. Pason is proud to promote diversity and is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate discrimination or harassment of any kind.

Harassment is any objectionable act, comment or display that demeans, belittles, or causes personal humiliation or embarrassment. Harassment also includes acts of intimidation or threat and can take on many forms. Some examples include: offensive remarks, unwelcome advances, requests for sexual favours, jokes, any ethnic, racist or sexual slurs or an action that fails to respect the dignity of an individual.

Harassment can create a negative or hostile environment which can interfere with job performance. Everyone at Pason must maintain and promote a harassment free environment, and all employees have the duty to report harassment incidents. See the reporting section below for appropriate action.

### **We respect the confidential nature of employee and client information.**

We are expected to maintain the confidentiality of proprietary information entrusted to us by our customers and suppliers, except when disclosure is authorized in writing by the VP of Enterprise Risk Management, the Chief Financial Officer or the Chief Executive Officer.

Confidential information includes:

- All non-public financial information or investment information.
- Employee personal information including: information provided to Pason by suppliers and customers identified as confidential.
- Customer employee information.
- Customer lists or customer contact information.
- Drilling data or any data stored on the DataHub.
- Intellectual property or design information.

Pason respects the privacy of employees and endeavours to maintain accuracy, confidentiality, and security of personal information under its control. Pason collects, uses and discloses personal information according to the Personal Information Protection and Electronic Documents Act and, except where permitted or required by law, Pason will endeavour to obtain the consent of each employee providing personal information for the collection, use or disclosure of such personal information. Employees are expected to comply with our Privacy Policy when collecting, using, retaining or disclosing personal information about another employee. This obligation to preserve proprietary information

continues even after employment ends. Refer to Pason's Privacy Policy for more information.

## **We use electronic communications and technology responsibly and professionally.**

Electronic communication technology plays a vital role in how we conduct business. Pason's technology is maintained for legitimate business activities to support a positive and professional business environment. As employees, we are expected to use this technology in a responsible and professional manner consistent with the Code as well as other company policies. Internal and external communication should follow Pason's Logo and Graphic Style Guide for document or email communication. Any questions about graphical usage or style should be directed to the Technical Communications Department or to your manager.

With the rise of new media communication tools in the form of podcasts, blogs, wikis, virtual worlds and social networking, Pason expects employees to communicate in a respectful and professional manner whether at work or at home. Specifically, social networks can have significant impact on a company's reputation both positively and negatively.

Pason expects all of its employees to keep in mind the Pason does not allow the use of social networking to promote Pason's business or to share information from Pason sponsored activities. Any questions or concerns should be discussed with your manager.

## **We encourage reporting of any illegal or unethical behaviour and do not tolerate retaliation of any kind.**

Pason encourages everyone to use his or her right to challenge, report or discuss observed behaviour that they believe may be illegal or a violation of this Code with their manager or other appropriate personnel. Pason encourages its employees to challenge unethical behaviour. This encouragement is only effective if the employee, who in good faith makes a complaint, reports a violation or directly challenges the unethical behaviour, is confident that doing so will not result in retaliatory action. Retaliation as a response to such disclosures or challenges will not be tolerated. Retaliation, whether it is actual or threatened, undermines Pason's commitment to its culture and ethical business practices.

Pason strictly prohibits retaliation against any person by another employee, or by Pason, for the good-faith reporting of real or perceived conduct contrary to the Code. Actions are considered retaliatory if they have a materially-adverse effect on the working or other conditions of the employee making a complaint or report, or if that person can no longer effectively carry out their employment duties.

Any person found to have engaged in unlawful harassment practices is subject to disciplinary action up to and including discharge from employment. Any employee engaging in prohibited harassment or retaliation, including any manager who knew about the harassment but took no action to stop it, may be held personally liable for monetary damages. Conduct that violates this policy is outside the scope of employment. Accordingly, Pason does not provide a defence or pay damages assessed against any employee who violates this policy.

## 8 REPORTING

We recognize there could be situations where it may not be practical to disclose an issue to a manager. In these situations you are encouraged to report concerns through our **Ethics Hotline**.

Pason has an **Ethics Hotline**, which is independently managed, in order for employees to report compliance issues and possible wrongdoings of any nature on a confidential basis. Calls can be received 24 hours a day, 7 days a week to handle, address and document any reports.

You can access the hotline by calling

**1-800-661-9675 (US & Canada)**

or

**001-403-250-0741 (International).**

You can also enter your anonymous report online at:

**ConfidenceLine Website** - [www.pason-eweb.com](http://www.pason-eweb.com)

Or, you may also address your accounting complaints to the attention of any member of Pason's Audit Committee in a sealed envelope, marked "CONFIDENTIAL" mailed to:

**Attention: Pason Audit Committee Chairman c/o ConfidenceLine™**  
**BSG Building**  
**3402 8<sup>th</sup> St. SE**  
**Calgary, AB T2G 5S7**

## Approval

This Policy was last approved by the Board of Directors on November 8, 2013.

**Pason Systems Inc.**



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**Bryce McLean,  
Corporate Secretary**