



# MEG ENERGY

Sustainable. Innovative. Responsible.



## MANAGEMENT INFORMATION CIRCULAR

NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS - MAY 1, 2023



TSX | MEG



# THE 2023 ANNUAL MEETING OF SHAREHOLDERS

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**VIRTUAL AGM**

TO REGISTER AND JOIN GO TO:  
[www.meetnow.global/MT59L54](http://www.meetnow.global/MT59L54)

## VOTING ITEMS

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- To elect the directors of the Corporation for the ensuing year;
- To appoint auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix their remuneration;
- To consider and, if thought advisable, approve an ordinary resolution to ratify the continuation of the Corporation's amended and restated shareholder rights plan for a further three-year period; and
- To approve, in an advisory, non-binding capacity, a resolution to accept the Corporation's approach to executive compensation.

We encourage you to carefully review the enclosed information about MEG and our Annual Meeting of Shareholders.

**YOUR VOTE MATTERS!**



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Certain financial measures in this Management Information Circular ("Circular") are non-GAAP financial measures or ratios, supplementary financial measures and capital management measures. These measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be comparable to similar measures provided by other companies. These non-GAAP and other financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. Please refer to the "Advisories" section of this Circular for further descriptions of the measures noted below.

Non-GAAP financial measures and ratios:  
Enterprise Value

Supplementary financial measures and ratios:  
Non-energy operating costs  
Per barrel figures associated with supplementary financial measures

Capital management measures:  
Net debt  
Adjusted funds flow and free cash flow

## INVITATION TO SHAREHOLDERS

March 15, 2023

Dear Fellow Shareholders:

On behalf of our Board of Directors, we are pleased to provide you with our 2023 Management Information Circular and invite you to our annual meeting of shareholders on May 1, 2023 at 1:00 p.m. Mountain Daylight Time. The meeting will be held via live audio webcast at <https://www.meetnow.global/MT59L54>.

This year, we will once again be hosting this meeting virtually through an online platform as we believe this provides the safest and most convenient option for our shareholders to vote their shares and to submit questions online. This format will allow for all shareholders to attend the meeting and preserve the right to participate, regardless of their location.

### Your Vote Matters

The Management Information Circular provides important information about MEG Energy, the business of the meeting, the voting process, our approach to executive compensation, our 2022 compensation decisions and our corporate governance practices. Please take the time to read this document and if you cannot attend the meeting, use the proxy form or voting instruction form provided to submit your vote prior to the meeting.

The Board's goal is to deliver long-term value to all of MEG's stakeholders. In particular, the Board pays specific attention to Safety, Strategy, Board Governance, Environment, Social and Governance ("ESG") Management, Succession Planning and Enterprise Risk Management, all of which are fundamental to value creation, financial and environmental sustainability, and future success.

### What We Accomplished

In 2022, MEG's focus on safe, reliable and sustainable operating performance once again delivered strong results for investors. We are incredibly proud of the innovation and determination demonstrated by the team at MEG and the significant accomplishments we collectively achieved:

- Drove safety culture improvement through the delivery of the Safety Leader Development program, enabling competencies required to progress our vision of 'Nobody Gets Hurt';
- Through a continued focus on operating excellence, including optimized well spacing, enhanced completion designs, and capital efficient well redevelopment, our team delivered record annual bitumen production of 95,338 barrels per day ("bbls/d") at a 2.36 steam-oil ratio ("SOR"), including fourth quarter average bitumen production of 110,805 bbls/d at a 2.22 SOR;
- The Corporation also completed debt repayment of US\$1.0 billion (approximately Cdn\$1.3 billion) and returned Cdn\$382 million to shareholders through the buy back of 20.7 million shares. Net debt declined to US\$1.0 billion (approximately Cdn\$1.4 billion) at the end of the year;
- MEG continued to build the strength our Executive Leadership Team, appointing Ryan Kubik as Chief Financial Officer to continue to drive exceptional financial performance and deliver on our deleveraging and shareholder return strategy; and
- MEG, along with its Pathways Alliance ("Alliance") peers, progressed pre-work on the proposed foundational carbon capture and storage project, which will transport CO<sub>2</sub> via pipeline from multiple oil sands facilities to be stored safely and permanently in the Cold Lake region of Alberta. In the fourth quarter of 2022, the Corporation and its Alliance peers reached a significant milestone entering into a carbon sequestration evaluation agreement with the Government of Alberta and starting the detailed evaluation of the proposed Cold Lake area geological storage hub. The Corporation and its Alliance peers continue to work closely with the federal and provincial governments to land on policy that supports the progress of these large decarbonization projects while ensuring Canada remains globally competitive and continues to attract investment.

As we exit 2022, MEG is very well positioned from an operational and financial perspective to drive continued shareholder value through 2023 and beyond.

### Looking Forward

The exceptional results in 2022 have left MEG well positioned to supply the world with environmentally and socially responsible energy while generating long-term value for all of our stakeholders.

We remain focused on debt reduction while improving shareholder returns through return of capital. Subsequent to year end, MEG's Board of Directors approved the filing of an application with the TSX for a normal course issuer bid, which has been approved by the TSX, and will allow MEG to continue its share buyback program to buy back over the next twelve months up to 10% of the Corporation's public float, as defined by the TSX, over a one-year period.





The Corporation continues to advance ESG and progress on priority topics: Climate Change and GHG Emissions, Water and Wastewater Management, Health and Safety, and Indigenous Relations, led by a strong governance model, safe and reliable operations and a dedicated team as reflected across ESG metrics.

We would like to thank Mr. Grant Billing, who retired from the Board in 2022, for his service. Mr. Billing leveraged his business acumen and experience to provide his highly valued perspective to the Board.

Most importantly, we would like to recognize MEG's employees, a skilled and dedicated team of professionals who are focused not only on delivering results and value to all of our stakeholders but doing it safely and in a financially and environmentally sustainable, innovative, and responsible manner.

On behalf of our Board of Directors and Management team, we would like to thank you, our shareholders, and all other stakeholders for your continued support. We are confident that MEG is well-positioned for the future.

Sincerely,

(signed) "*Ian D. Bruce*"

**IAN D. BRUCE**

Chair

MEG Energy Corp.

(signed) "*Derek W. Evans*"

**DEREK W. EVANS**

President & CEO

MEG Energy Corp.



# MEG Energy Corp.

## Notice of Annual Meeting of Shareholders

### When

Monday, May 1, 2023  
1:00 p.m. (Calgary time) (the "Meeting")

### Where

Virtual only meeting via live audio webcast online at  
<https://www.meetnow.global/MT59L54>

The Corporation believes that conducting a virtual only Meeting via live audio webcast is in the best interests of the Corporation's stakeholders. By improving access, a virtual only Meeting enables more shareholders of the Corporation ("Shareholders") to participate in the Meeting regardless of their geographic location. It also reduces the costs to the Corporation and its Shareholders and reduces the Corporation's carbon footprint by requiring less travel for the Corporation's Board of Directors and Shareholders and fewer printed materials.

### Business of the Meeting

1. To receive and consider the audited financial statements of MEG Energy Corp. (the "Corporation") for the year ended December 31, 2022, and the auditor's report thereon;
2. To elect the directors of the Corporation for the ensuing year;
3. To appoint auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix their remuneration;
4. To consider and, if thought advisable, approve an ordinary resolution to ratify the continuation of the Corporation's amended and restated shareholder rights plan for a further three-year period;
5. To approve, in an advisory, non-binding capacity, a resolution to accept the Corporation's approach to executive compensation; and
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

### How to Vote

Shareholders may attend the virtual Meeting or may be represented thereat by proxy in accordance with the instructions set forth in the accompanying management information circular (the "Circular").

Registered Shareholders who are unable to attend the virtual Meeting are requested to complete, date and sign the enclosed instrument of proxy, in accordance with the instructions set forth in the Circular. An Instrument of Proxy will not be valid and acted upon at the Meeting or any adjournment thereof unless it is deposited at the offices of Computershare Trust Company of Canada by one of the following methods:



**Mail:** 8<sup>th</sup> floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Attention: Proxy Department



**Internet:** go to [www.investorvote.com](http://www.investorvote.com) and enter your 15-digit control number



**Phone:** Call 1-866-732-8683 (toll-free in North America) and enter your 15-digit control number at least 48 hours, excluding Saturdays, Sundays and holidays in the Province of Alberta, before the time of the Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at their discretion without notice.

### Your Vote is Important

You are entitled to receive notice of, and to vote at, the Meeting and at any adjournment(s) thereof, if you are a Shareholder of record at the close of business on March 15, 2023.

The accompanying Circular includes important information about the Meeting and the voting process. Please read it carefully and remember to vote.

A paper copy of the financial information in respect of our most recently completed financial year was mailed to those registered and beneficial Shareholders who previously requested to receive such information. Our 2022 financial statements can also be accessed online at [www.megenergy.com](http://www.megenergy.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### *By Order of the Board of Directors*

(signed) "Lyle Yuzdepski"

Lyle Yuzdepski

Senior Vice President, Legal & General Counsel  
and Corporate Secretary | MEG Energy Corp.

March 15, 2023

# Management Information Circular

## Glossary of Terms

Audit Committee	Audit Committee of the Board
Board	Board of Directors of the Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Circular	this management information circular
COO	Chief Operating Officer
CTO	Chief Technology Officer
Corporation or MEG	MEG Energy Corp.
DSU	deferred share unit issued under the DSU Plan
DSU Plan	Deferred Share Unit Plan
Executives	employees at the vice president level and above, and includes the NEOs
GNC	Governance and Nominating Committee of the Board
HCCC	Human Capital and Compensation Committee of the Board
HSERC	Health, Safety and Environment and Reserves Committee of the Board
LTI	long-term incentive compensation
MD&A	the Corporation's Management's Discussion and Analysis for the year ended December 31, 2022
Meeting	the 2023 annual meeting of the Corporation's Shareholders
NEO	Named Executive Officer
Option	option to purchase a Share issued under the Option Plan
Option Plan	Stock Option Plan
PSU	performance share unit issued under the RSU Plans
Record Date	March 15, 2023
RSU	restricted share unit issued under the RSU Plans
RSU Plans	Restricted Share Unit Plan and Cash-Settled Restricted Unit Plan
Shares	common shares of the Corporation
Shareholders	holders of Shares
STI	short-term (annual) incentive compensation
TSX	Toronto Stock Exchange

## Currency

Unless otherwise indicated, all references to currency in this Circular are in Canadian dollars.

## Date of Information

The information contained in this Circular is given as at March 15, 2023, except where otherwise noted.

## Record Date

Only persons who are registered Shareholders at the close of business on March 15, 2023 (the "Record Date") are entitled to receive notice of and to vote at the Meeting.

Any person who acquires Shares after that date may vote such Shares at the Meeting if such person: (a) produces properly endorsed certificates evidencing such Shares or otherwise establishing that such person owns them; and (b) requests, at least ten (10) days before the Meeting, their name be included on the list of Shareholders entitled to vote at the Meeting. Persons who are beneficial holders of Shares as of the Record Date will be entitled to vote at the Meeting in accordance with the procedures established pursuant to National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer*.

## Virtual Only Meeting

The Corporation believes that conducting a virtual only Meeting via live audio webcast is in the best interests of the Corporation's stakeholders. By improving access, a virtual only Meeting enables Shareholders to participate in the Meeting regardless of their geographic location. It also reduces costs to the Corporation and its Shareholders and reduces the Corporation's carbon footprint by requiring less travel for the Corporation's Board of Directors and Shareholders and fewer printed materials. The virtual Meeting will allow equal opportunity for Shareholders to participate, ask questions, and vote at the Meeting.

Registered Shareholders and duly appointed proxyholders may participate via the live webcast of the Meeting at <https://www.meetnow.global/MT59L54>.

Non-registered (or beneficial) Shareholders may also listen to the live webcast of the Meeting at the same URL but will not have the ability to vote virtually or ask questions through the live webcast unless they are duly appointed and registered as proxyholders.

## Meeting and Voting Information

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting to be held on May 1, 2023, at 1:00 p.m. (Calgary time), or any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting.

Instruments of Proxy must be received by Computershare Trust Company of Canada ("Computershare") not less than 48 hours (excluding Saturdays, Sundays and holidays in the Province of Alberta) before the Meeting.

Registered Shareholders may submit their vote by:



**Mail:**

Computershare Trust Company of Canada  
Attention: Proxy Department  
8<sup>th</sup> Floor, 100 University Avenue  
Toronto, Ontario M5J 2Y1



**Internet:**

Go to [www.investorvote.com](http://www.investorvote.com) and enter the 15-digit control number printed on your Instrument of Proxy and follow the instructions on the web page to vote your Shares.



**Phone:**

Call 1-866-732-8683 (toll-free in North America) and enter the 15-digit control number printed on your Instrument of Proxy and follow the instructions on the interactive voice recognition system to vote your Shares.



**In person via Online Meeting:**

Registered Shareholders have the ability to participate, ask questions, and vote at the Meeting using the online virtual meeting platform at <https://www.meetnow.global/MT59L54>, click on "JOIN MEETING NOW", then select "Shareholder". Registered Shareholders will need to enter the 15-digit control number found on their Instrument of Proxy. If you are an appointed proxyholder, including beneficial Shareholders who have appointed themselves as proxyholder (see "*Notice to Beneficial Holders of Shares*"), select "Invitation" and enter your 'Invite Code'. Your Invite Code can be found in the email sent to you from Computershare, provided the proxyholder appointment has been registered. **Without an Invite Code, proxyholders will not be able to attend and vote at the Meeting**

During the Meeting, you must ensure that you are connected to the internet at all times in order to vote when polling is commenced on the resolutions put before the Meeting. It is your responsibility to ensure internet connectivity.

Non-registered (beneficial) Shareholders may listen to a live webcast of the Meeting by going to <https://www.meetnow.global/MT59L54> and clicking on "Guest" and completing the online form.

For more information on how to vote your Shares as a non-registered (beneficial) Shareholder, please see "*Notice to Beneficial Holders of Shares*".

Following the conclusion of the formal business to be conducted at the Meeting, the Corporation will invite questions and comments from Shareholders participating through the online virtual meeting platform.

Solicitation of proxies will be primarily by mail, but may also be by personal interview, telephone or other oral or written means of communication by the directors, officers and employees of the Corporation, at no additional compensation. The Corporation has engaged Kingsdale Advisors ("Kingsdale") as its strategic shareholder advisor and proxy solicitation agent. In connection with these services, the Corporation will pay fees to Kingsdale of approximately \$44,000 in addition to certain out-of-pocket expenses. The Corporation pays all costs related to producing and mailing this Circular and other meeting materials, and for soliciting your proxy. Additionally, the Corporation may use the Broadridge QuickVote™ service to help non-registered (beneficial) Shareholders vote their Shares. Alternatively, Kingsdale may contact such non-registered (beneficial) Shareholders to assist them with conveniently voting their Shares directly over the phone.

If you have any questions with respect to the accompanying materials, the Meeting or how to vote your Shares, please contact Kingsdale at 1-888-694-4330 (toll-free North America) or 416-867-2272 (collect calls accepted) outside of North America. You may also email Kingsdale at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

## Voting by Proxy

The persons named in the accompanying Instrument of Proxy are directors and/or officers of the Corporation. **Each Shareholder has the right to appoint a person or company to represent the Shareholder at the Meeting (who need not also be a Shareholder) other than the person or persons designated in the Instrument of Proxy furnished by the Corporation.** To exercise this right, the Shareholder must either insert the name of the desired representative in the blank space provided in the accompanying Instrument of Proxy or submit an alternative form of proxy (either of which is a "Proxy"). Please ensure that the duly appointed proxyholder is aware that they have been appointed to attend the Meeting for your vote to count.

A Proxy will not be valid unless it is received by Computershare not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the time fixed for holding the Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at their discretion without notice.

## Signing of Instruments of Proxy

A Proxy must be in writing and must be executed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer of the corporate Shareholder. A Proxy signed by a person acting as attorney or in some other representative capacity should expressly reflect that person's capacity (following their signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with Computershare or the Corporation).

## Revocation of Proxy

A registered Shareholder who has submitted a Proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer



or attorney thereof, and delivered to Computershare Trust Company of Canada, at 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1 or by fax to facsimile number 1-866-249-7775, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement of the Meeting. A Proxy may also be revoked: (a) by the registered Shareholder participating in the virtual Meeting and voting such Shareholder's Shares; or (b) in any other manner permitted by law. Beneficial Shareholders can change or revoke a vote by notifying their broker or intermediary in accordance with the instructions of such broker or intermediary.

## Voting of Proxies and Exercise of Discretion by Proxyholders

All Shares represented at the Meeting by properly executed Proxies will be voted, or withheld from voting, on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the Shares represented by the Proxy will be voted in accordance with such instructions. On any ballot that may be called for at the Meeting, the management designees named in the accompanying Instrument of Proxy will vote or withhold from voting the Shares in respect of which they are appointed proxy according to the directions of the Shareholder appointing them. If the Shareholder specifies a choice regarding any matter to be acted upon at the Meeting, their Shares will be voted accordingly.

In the absence of such direction, the Shares will be voted: (i) **FOR** the election of each director; (ii) **FOR** the appointment of PricewaterhouseCoopers LLP as auditor of the Corporation at such remuneration as the directors of the Corporation may determine; (iii) **FOR** the continuation of the Corporation's amended and restated shareholder rights plan; and (iv) **FOR** the Corporation's approach to executive compensation.

**The accompanying Instrument of Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual Meeting and with respect to other matters which may properly be brought before the Meeting or any adjournment thereof unless otherwise indicated on such accompanying Instrument of Proxy.**

Management of the Corporation knows of no amendments, variations or other matters to come before the Meeting, other than those matters referred to in the Notice of Annual Meeting.

## Electronic Delivery

We encourage you to sign up for electronic delivery of all future proxy materials. Electronic delivery is a voluntary email notification sent to Shareholders when documents, such as this Circular, are made available on our website. Electronic delivery will save paper, reduce our impact on the environment and reduce costs.



Registered Shareholders may sign up for electronic delivery at [www.investorcentre.com](http://www.investorcentre.com)

Beneficial Shareholders may sign up for electronic delivery at [www.proxyvote.com](http://www.proxyvote.com)

## Notice to Beneficial Holders of Shares

A Shareholder is a beneficial Shareholder if their Shares are held in the name of a nominee. That is, the Shareholder's share certificate was deposited with a bank, trust company, securities broker, trustee, or other institution. Only proxies deposited by registered Shareholders can be recognized and acted upon at the Meeting. Shares held by brokers or nominees can only be voted upon with the instructions of the beneficial Shareholder. Without specific instructions, broker/nominees are prohibited from voting Shares for their clients. When a broker is unable to vote on a proposal because it is non-routine and the owner of the Shares does not provide voting instructions, a "broker non-vote" occurs. Broker non-votes have no effect on the vote on such a proposal because they are not considered present and entitled to vote. Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting Shares in person or by way of proxy except as outlined below.

A beneficial Shareholder's broker or nominee is required by law to receive voting instructions from beneficial Shareholders before voting Shares. Every broker has its own mailing procedures and instructions for returning the completed voting instruction form ("VIF"); accordingly, beneficial Shareholders must follow the instructions provided on the VIF. Most brokers delegate responsibility for obtaining instructions from their clients to Broadridge Investor Communications Corporation ("Broadridge"). Broadridge mails the proxy materials and VIF to beneficial Shareholders, at our expense. The VIF will name the same management designees of the Corporation described under "*Voting of Proxies and Exercise of Discretion by Proxyholders*" to act as proxyholders. Broadridge then tabulates the results of all the instructions received and provides the appropriate instructions respecting the Shares to be represented at the Meeting.

If a beneficial Shareholder wishes to participate online and vote at the Meeting, such beneficial Shareholder must (i) appoint themselves as proxyholder by inserting their own name in the space provided on the VIF and follow all of the applicable instructions provided by their intermediary, AND (ii) for online participation, they must also register themselves as their own proxyholder, as described below under "*Online Proxyholder Voting*". By doing so, the beneficial Shareholder is instructing their intermediary to appoint them as proxyholder. Non-registered (beneficial) Shareholders who have not appointed themselves as proxyholder (and registered as instructed below) cannot vote online during the Meeting. This is because the Corporation and its transfer agent, Computershare, do not maintain the records for non-registered (beneficial) Shareholders and have no knowledge of a beneficial Shareholder's shareholdings or entitlement to vote, unless such beneficial Shareholder appoints themselves as proxyholder.

## Notice to Beneficial Holders of Shares in the United States

If you are a beneficial Shareholder located in the United States and wish to vote at the Meeting or, if permitted, appoint a third-party as your proxyholder, then you must first obtain a valid legal proxy from your intermediary and then register in advance to attend the Meeting by submitting a copy of your legal proxy to Computershare. Requests for registration from beneficial Shareholders located in the United States should be sent either by courier to: Computershare Trust Company of Canada, attention Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or by email to: [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com) and, in both cases, must be labeled as "Legal Proxy" and be received no later than 1:00 p.m. (Calgary time) on April 27, 2023. You will receive a confirmation of your registration by email once Computershare receives your registration materials. Please note that you are also required to register your appointment at [www.computershare.com/MEG](http://www.computershare.com/MEG) (see "Online Proxyholder Voting" below).

### Online Proxyholder Voting

If a Shareholder appointed themselves or someone else to vote at the Meeting, other than the management proxy nominees identified in the Proxy or VIF, then such Shareholder MUST also visit [www.computershare.com/MEG](http://www.computershare.com/MEG) no later than 1:00 p.m. (Calgary time) on April 27, 2023, and provide Computershare with the required proxyholder contact information, so that Computershare may provide the proxyholder with a control number via email. **Without a control number, a proxyholder will not be able to attend and vote online at the Meeting.**

### Virtual Meeting Guidelines

#### *Asking questions at the Meeting*

The Corporation believes that the ability to participate in the Meeting in a meaningful way, including asking questions, remains important despite the decision to hold the Meeting virtually. Registered Shareholders, non-registered (beneficial) Shareholders who have appointed themselves as proxyholders and proxyholders accessing the Meeting will have the opportunity to ask questions at the Meeting in writing by sending a message to the Chair of the Meeting online through the virtual Meeting platform. It is anticipated that Shareholders will have substantially the same opportunity to ask questions on matters of business before the Meeting as they would at a meeting held in person.

Questions received from Shareholders which relate to the business of the Meeting or to the affairs of the Corporation are expected to be addressed in the question-and-answer session that will follow the Meeting. Such questions will be read by the Chair of the Meeting or a designee of the Chair and responded to by a representative of the Corporation as they would be at a Shareholders meeting that was being held in person. As at an in-person meeting, to ensure fairness for all attendees, the Chair of the Meeting will decide on the amount of time allocated to each question and will have the right to limit or consolidate questions and to reject questions that do not relate to the business of the Meeting or to the affairs of the Corporation or which are determined to be inappropriate or otherwise out of order.

#### *Technology required to access the virtual meeting*

The Meeting will be entirely virtual, and Shareholders and proxyholders will not be able to attend in person. If you are a registered Shareholder or a duly appointed proxyholder (including non-registered (beneficial) Shareholders who have duly appointed themselves as proxyholder), you will be able to attend, vote and ask questions at the Meeting, all in real time. If you are a non-registered (beneficial) Shareholder who does not appoint themselves as proxyholder then you may attend the Meeting as a guest, but you will not be able to vote or ask questions at the Meeting.

You will be able to participate in the Meeting using an internet-connected device such as a laptop, computer, tablet or mobile phone. The virtual meeting platform is fully supported across most commonly used web browsers (note: Internet Explorer is not a supported browser). You will be able to log in up to 60 minutes prior to the start of the Meeting. We recommend that you log in well before the Meeting is scheduled to begin to check into the Meeting online and complete the related procedure and to address any technical or logistical issues you may encounter.

If you are accessing the Meeting, you must remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. Please note that if you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed. Therefore, even if you currently plan to access the Meeting and vote during the live webcast, you should consider voting your Shares in advance or by proxy so that your vote will be counted in the event you experience any technical difficulties or are otherwise unable to access the Meeting.

Included with this Circular is our Virtual AGM Meeting Guide. If you experience technical or logistical issues related to accessing the virtual meeting, technical support is available:

**1-888-724-2416** (toll-free in Canada and the United States)

**781-575-2748** (long distance charges may apply)

## Notice and Access

The Corporation has elected to use notice and access for the delivery of this Circular to both our registered and beneficial Shareholders. Adopting notice and access to deliver materials is more environmentally friendly and reduces costs for printing, paper, and mailing. National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* (the "Notice and Access Provisions") allow a reporting issuer to post its information circular in respect of a meeting of its shareholders and related materials online. Under the Notice and Access Provisions, Shareholders will receive (i) a notice outlining the matters to be addressed at the Meeting which explains how to access the Circular electronically and how to request paper copies, at no charge (the "Notice and Access Notification"), and (ii) a Proxy or VIF, as applicable, which explains how to vote their Shares.

Shareholders who have previously requested to receive paper copies of materials will receive a physical copy of the Notice of Annual Meeting, this Circular and a Proxy or VIF, as applicable. Furthermore, a paper copy of the financial statements and management's discussion and analysis in respect of our most recently completed financial year was mailed to those registered and beneficial Shareholders who previously requested to receive such information.

The Corporation will be delivering a Notice and Access Notification and a VIF directly to non-objecting beneficial Shareholders with the assistance of Broadridge and intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of its Shares.

## Voting Securities and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of Shares. As at March 15, 2023, 286,471,089 Shares were issued and outstanding. Shareholders of record on the Record Date are entitled to notice of, and to virtually attend, the Meeting, or be represented by proxy, and to one vote per Share on any ballot thereat.

To the knowledge of the Board and the Corporation's executives, as at March 15, 2023, there are no persons, firms or corporations, owning of record or beneficially, controlling directly or indirectly, 10% or more of the Shares.

## Advance Notice By-Law

The Corporation's Consolidated General By-Law sets out the advance notice requirements for director nominations (the "Advance Notice By-Law"). The purpose of the Advance Notice By-Law is to provide Shareholders with guidance on the process for nominating directors. The Advance Notice By-Law fixes a deadline by which Shareholders must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders at which directors are to be elected, sets forth the information that must be included in the notice, and details of the procedure to be followed. A copy of the Advance Notice By-Law is available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com).

Under the Advance Notice By-Law, the deadline for nominations for the Meeting is March 22, 2023. As of the date of this Circular, the Corporation has not received any director nominations.

## Shareholder Proposals

The *Business Corporations Act* (Alberta) permits certain eligible Shareholders to submit shareholder proposals to the Corporation for inclusion in a management proxy circular for an annual meeting of shareholders. No shareholder proposals were submitted for consideration at the upcoming Meeting. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders to be held in 2024 is January 31, 2024.

## Business of the Meeting

Receive and consider the financial statements for the year ended December 31, 2022	
Election of Directors	Management recommends that you vote <b>"FOR"</b> the election of each nominee
Appointment of Auditors	Management recommends that you vote <b>"FOR"</b> the appointment of Auditors
Approval of Shareholder Rights Plan	Management recommends that you vote <b>"FOR"</b> the continuation of the Shareholder Rights Plan
Say on Pay	Management recommends that you vote <b>"FOR"</b> the Say on Pay Resolution
Other Business	

### 1. Financial Statements and Auditor's Report

The financial statements of the Corporation for the fiscal year ended December 31, 2022, together with the auditor's report thereon, will be presented at the Meeting. No formal action will be taken at the Meeting to approve the Corporation's financial statements. Any questions the Shareholders have regarding the financial statements may be brought forward at the Meeting. Copies of the Corporation's annual and interim financial statements are available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) and under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), or you may request a copy from our Investor Relations department at [invest@megenergy.com](mailto:invest@megenergy.com).

### 2. Election of Directors

The Corporation's articles provide that there must be a minimum of three (3) and a maximum of fifteen (15) directors. In accordance with the by-laws of the Corporation, the Board has determined that nine (9) directors will be elected at the Meeting. Shareholders will be asked at the Meeting to elect as directors each of the nominees listed below.

- |                    |                       |                       |
|--------------------|-----------------------|-----------------------|
| 1. Ian D. Bruce    | 4. Robert B. Hodgins  | 7. Jeffrey J. McCaig  |
| 2. Derek W. Evans  | 5. Kim Lynch Proctor  | 8. James D. McFarland |
| 3. Gary A. Bosgoed | 6. Susan M. MacKenzie | 9. Diana J. McQueen   |

Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote **"FOR"** the election of each nominee named below

All of the proposed nominees, other than Mr. Bosgoed, were elected as directors at the annual meeting of Shareholders of the Corporation held on May 3, 2022. Mr. Bosgoed was appointed to the Board on July 1, 2022 following the retirement of Mr. Grant Billing. The Corporation would like to thank Mr. Billing for his many contributions to the Corporation and the Board. Each of the directors elected will hold office from the date elected until the next annual meeting of Shareholders or until such director's successor is duly elected or appointed, unless such director's office is vacated prior to the next meeting.

The Board believes that each director should carry the confidence and support of the Shareholders. The Instrument of Proxy therefore enables a Shareholder to vote in favour of, or to withhold a vote for, each proposed nominee separately.

#### *Majority Voting Policy*

The Corporation has adopted a majority voting policy that requires any nominee for director to tender their offer of resignation in the event such nominee receives a greater number of "withheld" votes than "for" votes in an uncontested election in which the number of nominees for election is equal to the number of directors to be elected as set out in the management information circular for the particular meeting. Upon receipt of such an offer of resignation, the GNC will consider the offer of resignation and make a recommendation to the Board. In compliance with the requirements of the TSX, the GNC would be expected to recommend that the Board accept the offer of resignation, and the Board would be expected to accept such resignation, absent exceptional circumstances.

Shareholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election. See "*Corporate Governance Practices - Majority Voting Policy*".

### 3. Appointment of Auditor

The Board unanimously recommends that PricewaterhouseCoopers LLP, Chartered Professional Accountants, Calgary, Alberta, be appointed auditor of the Corporation to hold office until the close of the next annual meeting of Shareholders. PricewaterhouseCoopers LLP was first appointed auditor of the Corporation on December 2, 2004. In 2023, pursuant to the partner rotation practices of PricewaterhouseCoopers LLP, and effective upon the release of MEG's financial statements for the year ended December 31, 2022 and the auditor's report thereon, the current lead audit partner will be rotated out and a new lead audit partner will be designated. In accordance with PricewaterhouseCoopers LLP's partner rotation practices, the lead audit partner is rotated every seven years.

Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote **"FOR"** the appointment of PricewaterhouseCoopers LLP to serve as the auditor of the Corporation until the next annual meeting of Shareholders, at a remuneration to be determined by the directors of the Corporation.

The following table provides the aggregate fees billed to the Corporation for professional services rendered by PricewaterhouseCoopers LLP in the years ended December 31, 2021, and 2022:

	2022 (\$)	2021 (\$)
Audit Fees	472,652	465,450
Audit Related Fees <sup>(1)</sup>	223,068	277,236
Tax Fees <sup>(2)</sup>	-	-
All Other Fees	-	-
<b>Total (\$)</b>	<b>695,720</b>	<b>742,686</b>

**Notes:**

- (1) Fees for assurance and related services by PricewaterhouseCoopers LLP in connection with their review of the Corporation's financial statements and not otherwise reported under "Audit Fees".
- (2) Fees for tax compliance and tax advice.

### 4. Approval of Continuation of Shareholder Rights Plan

Shareholders will be asked to vote on ratifying the continuation of the Corporation's shareholder rights plan. As described in more detail below, the rights plan is designed to ensure that Shareholders are treated fairly if there is an acquisition of a controlling position by a Shareholder or a group of Shareholders acting together. Among other things, it ensures every Shareholder has an equal opportunity to participate in the bid. A summary of the rights plan is set out in "*Appendix C - Summary of Amended and Restated Shareholder Rights Plan*" and the full text of the rights plan is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### *Background*

In connection with the initial public offering by the Corporation of its Common Shares in August 2010, the Corporation adopted a shareholder rights plan pursuant to a shareholder rights plan agreement between the Corporation and Olympia Trust Company, as rights agent, made as of August 6, 2010. On March 20, 2014, the Board approved certain amendments to the rights plan in the form of an amended and restated shareholder rights plan agreement, which rights plan was ratified and approved by majority vote of the Shareholders on May 1, 2014. On March 23, 2017, the Board approved further amendments to the rights plan in the form of an amended and restated shareholder rights plan agreement between the Corporation and Computershare, which rights plan was ratified and approved by majority vote of the Shareholders on May 25, 2017. The amended and restated rights plan must be approved by Shareholders every three years. The amended and restated rights plan was last ratified and approved by majority vote of the Shareholders on June 17, 2020.

#### *Purpose of the Amended and Restated Rights Plan*

Takeover bids can be discriminatory. Exemptions to takeover bid legislation permit a Shareholder (or Shareholders) to gain control of a company without making a formal takeover bid to all of the Shareholders (for example, by making private agreements with a small group of Shareholders or by slowly accumulating Shares over time through stock exchange trading). These so-called "creeping bids" could result in a Shareholder or group of Shareholders acquiring control without paying fair value to all Shareholders.

The amended and restated shareholder rights plan is designed to discourage this kind of takeover bid. Where a takeover bid occurs that is not a permitted bid (as described below), the rights plan gives Shareholders contingent rights to acquire Shares at a significant discount to the prevailing market price. In certain circumstances, these rights become exercisable by all Shareholders except the offeror in a takeover bid and its associates, affiliates and joint actors, with the potential to significantly dilute the value of the offeror's Shares.

The rights plan addresses the concerns noted above by requiring offerors to:

- (a) make permitted bids under the rights plan, which give Shareholders an opportunity to participate in the transaction: a permitted bid meets specific conditions, including that it must be made to all Shareholders and remain open for acceptance



for at least 105 days or, if less than 105 days, the minimum period that a formal take-over bid is required to remain open for in the relevant circumstances under Canadian law; or

- (b) negotiate an offer directly with the Board, giving the Board the opportunity to bargain for terms it believes will be in the best interests of Shareholders.

If the offeror does not take either of these approaches, the transaction could trigger the dilution provisions in the amended and restated rights plan described above.

Management has reviewed the terms of the Corporation's rights plan and confirmed that it continues to comply with current Canadian securities laws and to conform in all material respects to the shareholder rights plans of other public corporations in Canada. No amendments are proposed to the Corporation's rights plan.

### *Approval Required*

At the Meeting, Shareholders will be asked to consider and, if thought advisable, approve the following ordinary resolution to ratify the continuation of the Corporation's amended and restated shareholder rights plan for a further three-year period:

**"BE IT RESOLVED**, as an ordinary resolution, **THAT**:

1. the amended and restated shareholder rights plan of MEG Energy Corp. (the "Corporation") be continued for a further three-year period and the amended and restated shareholder rights plan agreement made as of May 25, 2017 between the Corporation and Computershare Trust Company of Canada, as rights agent, which amended and restated the shareholder rights plan agreement dated effective August 6, 2010, as amended and restated May 1, 2014, and continued the rights thereunder, be and is hereby ratified, confirmed and approved; and
2. any director or officer of the Corporation is hereby authorized to execute and deliver, whether under corporate seal or otherwise, the amended and restated rights plan agreement and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in their discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution."

The resolution must be approved by a simple majority of the votes cast by: (i) the Shareholders; and (ii) if applicable, the Independent Shareholders (as defined in the rights plan, but generally meaning any Shareholder other than an acquiring person as defined in the rights plan, or a person making a takeover bid for the Corporation and their associates and affiliates), present in person or by proxy at the Meeting. The Corporation is not currently aware of any Shareholders whose votes will be ineligible to be counted towards the ordinary resolution to approve the amended and restated rights plan or any Shareholders which would not qualify as Independent Shareholders.

The resolution is not in response to, or in anticipation of, any pending, threatened or proposed acquisition or takeover bid, and is not intended as a means to prevent a takeover of the Corporation, as a strategy to retain management or the Board, or to deter fair offers for the Corporation's Shares.

The Board has determined that the continuation of the amended and restated shareholder rights plan is in the best interests of the Corporation and its Shareholders and recommends that you vote **"FOR"** the ordinary resolution to ratify, confirm and approve the continuation of the amended and restated rights plan for a further three-year period. Unless otherwise directed, the management designees named in the accompanying Instrument of Proxy intend to vote **"FOR"** approval of the ordinary resolution above.

## 5. Say on Pay

The Corporation's compensation policies and procedures are centered on a "pay for performance" philosophy and aligned with the long-term interests of Shareholders, as more particularly described throughout this Circular.

The Corporation's compensation programs are designed to:

- reward creation of long-term Shareholder value;
- reflect short, medium and long-term corporate performance;
- maintain an appropriate balance between base salary (fixed) and short-term and long-term incentive opportunities (variable or "at risk"), with a heavier weighting on variable compensation;
- be competitive, so as to attract and retain talented individuals;
- strike an appropriate balance between risk and reward for both employees and Shareholders; and
- assure that perquisites are modest and support the Corporation's business objectives.

Management believes that the Corporation's compensation programs, with their balance of base salary, bonus amounts and long-term incentives comprised of RSUs and PSUs, reward sustained performance that is aligned with long-term Shareholder interests.

The Board and management of the Corporation wish to provide Shareholders with a non-binding advisory vote on executive compensation ("Say on Pay") at the Meeting. This Say on Pay vote will provide Shareholders with the opportunity to vote FOR or AGAINST the Corporation's approach to executive compensation through the following resolution:

**"BE IT RESOLVED THAT**, on an advisory basis and not to diminish the role and responsibilities of the Board, the Shareholders accept the approach to executive compensation disclosed in the "*Compensation Discussion and Analysis*" section of the Management Information Circular of the Corporation dated March 15, 2023 and delivered in advance of the 2023 Annual Meeting of Shareholders."

As this is an advisory vote, the results will not be binding upon the Board. However, in the event that the advisory resolution is not approved by a majority of the votes cast at the Meeting, the Board will consult with Shareholders (particularly those who are known to have voted against it) to understand their concerns and will review the Corporation's approach to executive compensation in the context of those concerns. Further, the Board will consider the outcome of the vote as part of its ongoing review of executive compensation. The Board believes that it is essential for Shareholders to be well informed of the Corporation's approach to executive compensation and considers this advisory vote to be an important part of the ongoing process of engagement between Shareholders and the Board. The Corporation will disclose the results of the Shareholder advisory vote as part of its report on voting results for the Meeting. Results from the Board's review, if necessary, will be discussed in the Corporation's management information circular for the annual meeting of Shareholders of the Corporation to be held in 2024.

The Board recommends that you vote **"FOR"** the say on pay resolution. Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote **"FOR"** the ordinary resolution above.

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders present in person or by proxy at the Meeting.

At the annual meeting of Shareholders of the Corporation held on May 3, 2022, an advisory resolution was passed accepting the Corporation's approach to executive compensation. The voting results were as follows:

	Votes FOR		Votes AGAINST	
	#	%	#	%
2022 Say on Pay	148,816,743	97.04	4,532,586	2.96

## 6. Other Business

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters identified in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting or any adjournment thereof, the Shares subject to the Instrument of Proxy solicited hereunder will be voted on such matter in the discretion of and according to the best judgment of the proxyholder unless otherwise indicated on such Instrument of Proxy.

## Information on Director Nominees

### Background

Each nominee brings a mix of skills and experience to the Board. The combination of these skills is important for the Board to effectively oversee the Corporation's business and affairs and carry out its duties and responsibilities. In addition, in furtherance of the Corporation's intention to foster a culture of inclusion and to increase diversity within the organization, the Corporation's Diversity, Equity and Inclusion Policy provides, among other things, that the Board will maintain a composition in which at least 30% of directors are female and that the Board will aspire to attain by 2025, and to thereafter maintain, a Board composition in which at least 40% of the directors are diverse persons. The Corporation achieved compliance with these Policy goals during 2022 with the election of three female directors at the 2022 Annual General Meeting and the appointment of a racially diverse director following the retirement of Mr. Grant Billing. See "*Corporate Governance Practices - Diversity, Equity and Inclusion*".

In 2022, the Board reached both its diversity goals well ahead of the 2025 target. **Currently 33% of directors are female, and 44% of directors are diverse.**

### Nominees and Post-Meeting Committee Membership

Director Nominee	Director Since	Independent	Age	2022 Approval	Committee Membership			
					Audit	GNC	HCCC	HSERC
Ian D. Bruce (Chair)	2019	Yes	69	99.36%	<i>Ex-Officio</i>	<i>Ex-Officio</i>	<i>Ex-Officio</i>	<i>Ex-Officio</i>
Derek W. Evans	2018	No <sup>(1)</sup>	66	99.36%				
Gary A. Bosgoed	2022	Yes	64	n/a <sup>(2)</sup>		✓		✓
Robert B. Hodgins	2010	Yes	71	95.39%	Chair	✓		
Kim Lynch Proctor	2022	Yes	47	99.38%	✓		✓	
Susan M. MacKenzie	2020	Yes	62	99.28%	✓			Chair
Jeffrey J. McCaig	2014	Yes	71	99.40%			Chair	✓
James D. McFarland	2010	Yes	76	98.59%			✓	✓
Diana J. McQueen	2015	Yes	61	95.77%		Chair	✓	

**Notes:**

- (1) As President and CEO of the Corporation, Mr. Evans is not independent and is the only member of the Board who is also a member of management.
- (2) Mr. Bosgoed was appointed to the Board and as a committee member on July 1, 2022, after the 2022 annual meeting of Shareholders.

### Nominee Profiles

The following tables and the notes thereto set forth the name, age, city/province/state and country of residence, of each of the persons proposed to be nominated for election as a director; all positions and offices in the Corporation held by the nominee, if any; whether the nominee is independent or non-independent; the date the nominee was first elected or appointed as a director of the Corporation; the nominee's disciplinary expertise/training; the nominee's principal occupation at present and within the preceding five (5) years; the nominee's memberships on Board committees; the meeting attendance record of the nominee; the number of Shares, DSUs and/or RSUs of the Corporation that the nominee has advised are beneficially owned or controlled or directed, directly or indirectly, by the nominee as at March 10, 2023; in the case of a nominee who is a member of management, the number of Options and PSUs held by the nominee as at March 10, 2023; the value of securities held by the nominee as at March 10, 2023; whether the nominee meets the minimum share ownership guidelines; other public company board memberships held by the nominee, if any; and, the voting results of the nominee at the previous annual meeting of Shareholders, if applicable.

## Ian D. Bruce

Age: 69

Municipality of Residence: Calgary, Alberta, Canada

Positions/Offices Held: Chair of the Board and Director (**Independent**)

Director Since: June 13, 2019 (appointed as Chair of the Board on June 17, 2020)

Disciplinary Expertise/Training: Financial/Accounting | Business Executive



Mr. Ian D. Bruce is a corporate director. Mr. Bruce has served as Chair of the Board of Cameco Corporation since May 2018 and as a director since 2012. He is the former President and CEO of Peters & Co. Limited (an independent investment dealer). He has more than 30 years of experience in investment banking with specialization in corporate finance and mergers and acquisitions, predominantly in the oil and gas industry.

Mr. Bruce holds a Master of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Science degree in biology from Queen's University. Mr. Bruce is a fellow of the Chartered Professional Accountants of Alberta, a recognized Specialist in Valuation under Canadian CPA rules, and a chartered business valuator. He is a past member of the Expert Panel on Securities Regulation for the Minister of Finance of Canada and is also a past board member and chair of the Investment Industry Association of Canada. Mr. Bruce currently serves as Chair of the Board of Qube Technologies Inc. (private clean technology company) and as a volunteer board member of the Opportunity Calgary Investment Fund (OCIF). Prior to becoming Chair of the Board of Cameco Corporation in 2018, Mr. Bruce was a member of its Audit and Finance Committee and chair of its Human Resources and Compensation Committee.

### 2022 Board and Committee Memberships<sup>(1)</sup>



Board of Directors

Attendance<sup>(1)</sup>  
7/7

Total  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

Votes FOR  
99.36%  
99.96%

Votes WITHHELD  
0.64%  
0.04%

### Other Public Company Boards



Cameco Corporation

### Securities Held as at March 10, 2023



Securities Held <sup>(2)</sup>		Value of Securities Held <sup>(3)</sup>	
		Vested (Shares + DSUs)	Unvested (RSUs)
135,119	Shares	\$3,003,695	-
67,161	DSUs	\$1,492,989	-
11,634	RSUs	-	\$258,624
<b>Total</b>		<b>\$4,496,684</b>	<b>\$258,624</b>

**Complies with Share  
Ownership Guidelines**

Yes

**Total Value of Securities Held  
\$4,755,308**

See "Notes to Information on Director Nominees" on Page 19.

## Derek W. Evans

Age: 66  
Municipality of Residence: Calgary, Alberta, Canada  
Positions/Offices Held: President and Chief Executive Officer and Director (**Non-Independent**)  
Director Since: August 10, 2018  
Disciplinary Expertise/Training: Engineering/Geology | Business Executive



Mr. Derek Evans has been President, Chief Executive Officer and a director of the Corporation since August 10, 2018 and is currently a director of Franco-Nevada Corporation, a TSX and New York Stock Exchange ("NYSE") listed issuer. He served as President and CEO and director of Pengrowth Energy Corporation (an oil and natural gas company) from September 2009 until March 2018 and as President and Chief Operating Officer of its predecessor, Pengrowth Energy Trust, from May to September 2009. Mr. Evans served as President and CEO of Focus Energy Trust from May 2002 until March 2008. Mr. Evans has over 40 years of experience in a variety of operational and senior management positions in the oil and gas business in Western Canada. Mr. Evans holds a Bachelor of Science degree in Mining Engineering from Queen's University and is a registered Professional Engineer in Alberta. Mr. Evans is also a member of the Institute of Corporate Directors and holds the ICD.D designation.

### 2022 Board and Committee Memberships<sup>(4)</sup>



Board of Directors

Attendance<sup>(4)</sup>  
7/7

Total  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

Votes FOR  
99.36%  
99.96%

Votes WITHHELD  
0.64%  
0.04%

### Other Public Company Boards



Franco-Nevada Corporation

### Securities Held as at March 10, 2023



		Value of Securities Held <sup>(3)</sup>		Complies with Share Ownership Guidelines
		Vested (Shares + DSUs)	Unvested (RSUs, PSUs, Options)	
<b>Securities Held<sup>(2)</sup></b>				
676,007	Shares	\$15,027,636	-	Yes
329,671	DSUs	\$7,328,586	-	
450,190	RSUs	-	\$10,007,724	
1,341,496	PSUs	-	\$29,821,456	
153,100	Options	-	\$2,703,746	
	<b>Total</b>	<b>\$22,356,222</b>	<b>\$42,532,926</b>	<b>Total Value of Securities Held</b> <b>\$64,889,148</b>

See "Notes to Information on Director Nominees" on Page 19.



## Gary A. Bosgoed

Age: 64

Municipality of Residence: Edmonton, Alberta, Canada

Positions/Offices Held: Director (**Independent**)

Director Since: July 1, 2022

Disciplinary Expertise/Training: Engineering/Geology | Business Executive | Political/Regulatory



Mr. Gary Bosgoed is the President and CEO of Bosgoed Project Consultants Ltd., a management consulting, consulting engineering and project management company. Mr. Bosgoed has over 40 years of consulting experience, specializing in project delivery, business advisory services and community engagement on capital projects. Mr. Bosgoed served as a Senior Vice President of WorleyParsons' Edmonton Office from 2012 to 2015 and prior thereto was the Vice President, Business Services and Systems since 2008. Mr. Bosgoed was a founding director of Circle Energy Inc., a Calgary-based public oil and gas exploration company. Mr. Bosgoed currently serves as a Vice Chair of the Alberta Indigenous Opportunities Corporation and as chair of its Governance and Nominations Committee and is a member of its Audit and Risk Committee. Mr. Bosgoed is also a director of Capital Power Corporation and was Vice Chair of the University of Regina Board of Governors until January 2023.

Mr. Bosgoed holds a Bachelor of Applied Science degree in Industrial Systems Engineering from the University of Regina and is a registered Professional Engineer in Alberta and Saskatchewan. Mr. Bosgoed holds the Public Sector Governance (PSGov) designation. He is a member of the Peepeekisis First Nation and has served as Chair of the Alberta Capital Region United Way Campaign, and as director of both the Alberta Electric System Operator (AESO) and the National Aboriginal Economic Development Board.

### 2022 Board and Committee Memberships<sup>(5)</sup>



Board of Directors  
GNC  
HSERC

Attendance<sup>(5)</sup>

4/4  
2/2  
2/2

Total

100%  
100%  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

Votes FOR

N/A  
N/A

Votes WITHHELD

N/A  
N/A

### Other Public Company Boards



Capital Power Corporation

### Securities Held as at March 10, 2023



**Securities Held<sup>(2)</sup>**  
Nil Shares  
2,663 DSUs  
2,663 RSUs  
**Total**

**Value of Securities Held<sup>(3)</sup>**  
**Vested**  
(Shares + DSUs)  
-  
\$59,198  
-  
**\$59,198**  
**Unvested**  
(RSUs)  
-  
-  
\$59,198  
**\$59,198**

**Complies with Share  
Ownership Guidelines**  
On track

**Total Value of Securities Held**  
**\$118,396**

See "Notes to Information on Director Nominees" on Page 19.

## Robert B. Hodgins

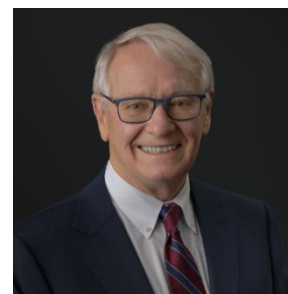
Age: 71

Municipality of Residence: Calgary, Alberta, Canada

Positions/Offices Held: Director (**Independent**)  
Chair of Audit Committee

Director Since: September 21, 2010

Disciplinary Expertise/Training: Financial/Accounting | Business Executive



Mr. Robert Hodgins has over 25 years of experience in senior financial roles with several Canadian corporations. He was Chief Financial Officer of Pengrowth Energy Trust (predecessor to Pengrowth Energy Corporation) from 2002 until 2004, Vice President and Treasurer of Canadian Pacific Limited from 1998 until 2002 and Chief Financial Officer of TransCanada Pipelines Limited from 1993 until 1998. Until May 2022, Mr. Hodgins served in a part-time and non-executive advisory role as Senior Advisor, Investment Banking of Canaccord Genuity Corp. (an independent investment bank). Mr. Hodgins has served as a director of various public and private entities since 2004 including, PrimeWest Energy Trust, Enerflex Systems Ltd., Enerflex Systems Income Fund, Caracal Energy plc, Fairborne Energy Trust and Calpine Power Income Fund. Mr. Hodgins is currently a director and Chair of the Governance Committee and a member of the Human Resources Committee of Enerplus Corporation, a director and member of the Audit Committee of AltaGas Ltd., and a director and Chair of the Board and a member of the Audit Committee of Gran Tierra Energy Inc. He holds an Honours Bachelor of Arts in Business from the Richard Ivey School of Business, is a Chartered Professional Accountant and is a member of the Institute of Corporate Directors and the National Association of Corporate Directors.

### 2022 Board and Committee Memberships



Board of Directors  
Audit Committee (Chair)  
GNC

#### Attendance

7/7  
4/4  
4/4

#### Total

100%  
100%  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

#### Votes FOR

95.39%  
91.48%

#### Votes WITHHELD

4.61%  
8.52%

### Other Public Company Boards



AltaGas Ltd.  
Enerplus Corporation<sup>(6)</sup>  
Gran Tierra Energy Inc.

### Securities Held as at March 10, 2023



#### Securities Held<sup>(2)</sup>

17,491 Shares  
84,423 DSUs  
21,236 RSUs

#### Total

#### Value of Securities Held<sup>(3)</sup>

##### Vested (Shares + DSUs)

\$388,825  
\$1,876,723  
-

##### Unvested (RSUs)

-  
-\$472,076  
\$472,076

#### Complies with Share Ownership Guidelines

Yes

**Total Value of Securities Held**  
**\$2,737,624**

See "Notes to Information on Director Nominees" on Page 19.

## Kim Lynch Proctor

Age: 47

Municipality of Residence: Calgary, Alberta, Canada

Positions/Offices Held: Director (**Independent**)

Director Since: May 3, 2022

Disciplinary Expertise/Training: Financial/Accounting | Legal | Business Executive



Ms. Kim Lynch Proctor is an independent businesswoman, an experienced lawyer, accountant and executive with over 20 years of experience. She was the Chief Financial Officer and General Counsel of KERN Partners, an energy focused private equity firm, from 2009 to 2016 and prior thereto a practicing lawyer and chartered professional accountant with Felesky Flynn LLP, Bennett Jones LLP, and Deloitte LLP, respectively, advising corporate clients on domestic and international transactions.

Ms. Lynch Proctor is currently a director and Chair of the Audit Committee of Paramount Resources Ltd. and serves on the Board of Trustees of Alaris Equity Partners Income Trust. Ms. Lynch Proctor also serves on the Boards of several non-profit and municipal organizations, including the Calgary Police Commission. Ms. Lynch Proctor obtained both a Bachelor of Commerce and a Bachelor of Laws degree from the University of Calgary, a Master of Laws degree from New York University, is a Chartered Professional Accountant and holds an ICD.D designation from the Institute of Corporate Directors.

### 2022 Board and Committee Memberships<sup>(7)</sup>



Board of Directors  
Audit Committee  
HCCC

#### Attendance<sup>(7)</sup>

5/5  
2/2  
2/2

#### Total

100%  
100%  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

#### Votes FOR

99.38%  
N/A

#### Votes WITHHELD

0.62%  
N/A

### Other Public Company Boards



Alaris Equity Partners Income Trust  
Paramount Resources Ltd.

### Securities Held as at March 10, 2023



**Securities Held<sup>(2)</sup>**  
20,500 Shares  
8,406 DSUs  
Nil RSUs  
**Total**

#### Value of Securities Held<sup>(3)</sup>

##### Vested

(Shares + DSUs)  
\$455,715  
\$186,865  
-  
**\$642,580**

##### Unvested

(RSUs)  
-  
-  
-  
-

**Complies with Share  
Ownership Guidelines**  
Yes

**Total Value of Securities Held**  
**\$642,580**

See "Notes to Information on Director Nominees" on Page 19.

## Susan M. MacKenzie

Age: 62

Municipality of Residence: Calgary, Alberta, Canada

Positions/Offices Held: Director (**Independent**)  
Chair of Health, Safety and Environment and Reserves Committee

Director Since: June 17, 2020

Disciplinary Expertise/Training: Engineering/Geology | Business Executive



Ms. Susan MacKenzie is a corporate director with over 30 years of energy sector experience. Most recently she was Chief Operating Officer of Oilsands Quest Inc. from April to September 2010. Prior thereto, Ms. MacKenzie spent 12 years at Petro-Canada in progressive technical, operational and strategic roles, including Vice President Human Resources and Vice-President In Situ Oilsands Development and Operations. Her industry experience also includes 14 years with Amoco Canada in a variety of engineering and leadership roles in natural gas, conventional oil and heavy oil development and operations.

Ms. MacKenzie holds a B. Eng. (Mechanical) from McGill University, an MBA from the University of Calgary, is a Life Member of the Association of Professional Engineers and Geoscientists of Alberta and an Institute of Corporate Directors - certified director.

Ms. MacKenzie is currently a director and Chair of the Compensation and Human Resources Committee of Enerplus Corporation and a director and Chair of the Corporate Governance, Nominating and Risk Committee of Precision Drilling Corporation. She is a past director of TransGlobe Energy Corporation, FortisAlberta Inc., Freehold Royalties Ltd. and the Calgary Women's Emergency Shelter and Safe Haven Foundation as well as numerous for-profit, not-for-profit, private and academic advisory boards.

### 2022 Board and Committee Memberships<sup>(7)</sup>



Board of Directors  
Audit Committee  
HCCC  
HSERC (Chair)

#### Attendance<sup>(7)</sup>

7/7  
2/2  
3/3  
4/4

#### Total

100%  
100%  
100%  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

#### Votes FOR

99.28%  
97.91%

#### Votes WITHHELD

0.72%  
2.09%

### Other Public Company Boards



Enerplus Corporation<sup>(6)</sup>  
Precision Drilling Corporation

### Securities Held as at March 10, 2023



**Securities Held<sup>(2)</sup>**  
40,000 Shares  
52,298 DSUs  
Nil RSUs  
**Total**

#### Value of Securities Held<sup>(3)</sup>

##### Vested

(Shares + DSUs)  
\$889,200  
\$1,162,585  
-  
**\$2,051,785**

##### Unvested

(RSUs)  
-  
-  
-  
-

**Complies with Share  
Ownership Guidelines**  
Yes

**Total Value of Securities Held**  
**\$2,051,785**

See "Notes to Information on Director Nominees" on Page 19.

## Jeffrey J. McCaig

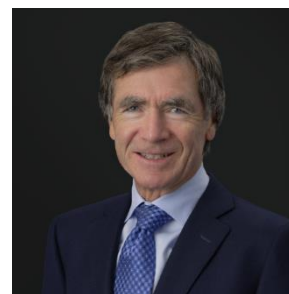
Age: 71

Municipality of Residence: Calgary, Alberta, Canada

Positions/Offices Held: Director (**Independent**)

Director Since: March 1, 2014

Disciplinary Expertise/Training: Legal | Business Executive



Mr. Jeffrey McCaig is the Chair of the board of directors of Trimac Transportation of which he was CEO until December 31, 2015. Mr. McCaig is a director of Michichi Capital Corp. (TSX-V Capital Pool Company), and a former director of Potash Corporation of Saskatchewan (from January 2001 until May 2017). Mr. McCaig has been a director of Bantrel Company (a private company) since 2000, becoming its Chair in December 2007. Mr. McCaig is also a director and co-owner of the Calgary Flames Hockey Club. Mr. McCaig holds a degree in economics from Harvard University, a law degree from Osgoode Hall Law School, and a Master of Science in Management degree from Stanford University. He is also a member of the Institute of Corporate Directors.

### 2022 Board and Committee Memberships



Board of Directors  
HCCC<sup>(8)</sup>  
HSERC

#### Attendance

7/7  
5/5  
4/4

#### Total

100%  
100%  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

#### Votes FOR

99.40%  
99.44%

#### Votes WITHHELD

0.60%  
0.56%

### Other Public Company Boards



Michichi Capital Corp.

### Securities Held as at March 10, 2023



**Securities Held<sup>(2)</sup>**  
679,070 Shares  
192,595 DSUs  
20,080 RSUs

**Value of Securities Held<sup>(3)</sup>**  
**Vested** (Shares + DSUs)  
\$15,095,726  
\$4,281,387  
-  
**Unvested** (RSUs)  
\$446,378  
**\$446,378**

**Complies with Share Ownership Guidelines**  
Yes

**Total Value of Securities Held**  
**\$19,824,491**

See "Notes to Information on Director Nominees" on Page 19.



## James D. McFarland

Age: 76

Municipality of Residence: Calgary, Alberta, Canada

Positions/Offices Held: Director (**Independent**)  
Chair of Human Capital and Compensation Committee

Director Since: June 9, 2010

Disciplinary Expertise/Training: Engineering/Geology | Business Executive



Mr. James McFarland has over four decades of domestic and international experience in the oil and gas industry. He is a co-founder, and has been a director of, Valeura Energy Inc. since April 2010 and served as President and CEO, until his retirement in December 2017 and a consultant thereafter to November 2020. Prior thereto, Mr. McFarland served as President and CEO, director and co-founder of Verenex Energy Inc. from 2004 until its sale in 2009. From 1999 until 2004, he served as Managing Director of shale-oil developer Southern Pacific Petroleum N.L. in Australia. From 1995 until 1998, Mr. McFarland served as President and Chief Operating Officer of Husky Oil Limited. Prior to this, he held various leadership positions during a 23-year period with Imperial Oil Limited and other Exxon affiliates in Canada, the U.S. and Western Europe. Mr. McFarland has been a director of various public and private entities including Pengrowth Energy Corporation (from January 2010 until January 2020) and Arrow Exploration Corp. (from September 2018 until January 2020) and currently serves on the board of directors of the Canadian Association for the World Petroleum Council (WPC) and on the Congress Program Committee of the WPC international organization.

Mr. McFarland received a Bachelor of Science (Honours) (Chemical Engineering) from Queen's University at Kingston, a Master of Science (Petroleum Engineering) from the University of Alberta, completed the Executive Development Program at Cornell University and received the designation of Professional Engineer in 1974. He is a member of the Institute of Corporate Directors and a Life Member of both the Association of Professional Engineers and Geoscientists of Alberta and the Society of Petroleum Engineers. In 2003, Mr. McFarland was awarded the Australian Centenary Medal for Outstanding Service through Business and Commerce.

### 2022 Board and Committee Memberships<sup>(7)</sup>



Board of Directors  
Audit Committee  
HCCC (Chair)<sup>(8)</sup>  
HSERC

#### Attendance<sup>(7)</sup>

7/7  
2/2  
5/5  
2/2

#### Total

100%  
100%  
100%  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

#### Votes FOR

98.59%  
99.94%

#### Votes WITHHELD

1.41%  
0.06%

### Other Public Company Boards



Valeura Energy Inc.

### Securities Held as at March 10, 2023



		Value of Securities Held <sup>(3)</sup>		Complies with Share Ownership Guidelines
Securities Held <sup>(2)</sup>		Vested (Shares + DSUs)	Unvested (RSUs)	
5,209	Shares	\$115,796	-	Yes
135,968	DSUs	\$3,022,569	-	
Nil	RSUs	-	-	
<b>Total</b>		<b>\$3,138,365</b>	<b>-</b>	

**Total Value of Securities Held**  
**\$3,138,365**

See "Notes to Information on Director Nominees" on Page 19.

## Diana J. McQueen

Age: 61

Municipality of Residence: Drayton Valley, Alberta, Canada

Positions/Offices Held: Director (**Independent**)  
Chair of Governance and Nominating Committee

Director Since: October 6, 2015

Disciplinary Expertise/Training: Business Executive | Political/Regulatory



Ms. Diana McQueen has energy and environmental public policy experience from regional, provincial and international levels, in addition to entrepreneurial experience in operating an independent business. She is currently the Senior Vice President of Corporate Communications & Stakeholder Relations at Reconnaissance Energy Africa Ltd. (TSX-V listed issuer) and a director of Total Helium Ltd. (TSX-V listed issuer). Ms. McQueen held various Alberta provincial cabinet roles during 2008 to 2015, including Minister of Energy, Minister of Environment and Water, and Minister of Municipal Affairs. Ms. McQueen has her own consulting firm and is a Senior Policy & Strategic Advisor to her clients in the areas of Energy, Environment, Indigenous and Municipal relations. She is also a member of the Institute of Corporate Directors and holds the ICD.D designation.

### 2022 Board and Committee Memberships



Board of Directors  
HCCC  
GNC (Chair)

#### Attendance

7/7  
5/5  
5/5

#### Total

100%  
100%  
100%

### Past Voting Results



2022 Annual Meeting  
2021 Annual Meeting

#### Votes FOR

95.77%  
99.24%

#### Votes WITHHELD

4.23%  
0.76%

### Other Public Company Boards



Total Helium Ltd.

### Securities Held as at March 10, 2023



**Securities Held<sup>(2)</sup>**  
38,149 Shares  
113,978 DSUs  
6,657 RSUs  
**Total**

**Value of Securities Held<sup>(3)</sup>**  
**Vested**  
(Shares + DSUs)  
\$848,052  
\$2,533,731  
-  
**\$3,381,783**  
**Unvested**  
(RSUs)  
-  
\$147,985  
**\$147,985**

**Complies with Share Ownership Guidelines**  
Yes

**Total Value of Securities Held**  
**\$3,529,768**

#### Notes to Information on Director Nominees:

- (1) As Chair of the Board, Mr. Bruce attends all committee meetings in an ex-officio capacity and, for 2022, attended 23/24 or 96% of the committee meetings held.
- (2) The information as to the Shares beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Holdings of Shares, Options, DSUs, RSUs and PSUs are as of March 10, 2023. For purposes of measuring compliance with the Corporation's share ownership guidelines, Shares, DSUs and RSUs are valued based on \$22.23, the March 10, 2023 closing price of Shares on the TSX. Options and PSUs are excluded from these calculations.
- (4) Mr. Evans is not a member of any of the Board's committees but is invited to attend the meetings of all committees. Mr. Evans attended 24/24 or 100% of the committee meetings held in 2022. At each such meeting, the members of the committee, all of whom are independent, also met in-camera without Mr. Evans present.
- (5) Mr. Bosgoed was appointed as a member of the GNC and as a member of the HSERC upon his appointment to the Board on July 1, 2022.
- (6) Mr. Hodgins and Ms. MacKenzie will retire from the board of directors of Enerplus Corporation at its annual meeting to be held on May 4, 2023.
- (7) The following changes to the Board's committees became effective as of May 3, 2022:
  - (a) Ms. Lynch Proctor was appointed as a member of the Audit Committee and as a member of the HCCC.
  - (b) Ms. MacKenzie was appointed as a member of the Audit Committee and as Chair of the HSERC and ceased to be a member of the HCCC.
  - (c) Mr. McFarland was appointed as a member of the HSERC and ceased to be a member of the Audit Committee.
- (8) If elected at the Meeting, Mr. McCaig will replace Mr. McFarland as Chair of the HCCC. Mr. McFarland will continue as a member of the HCCC.

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

### *Cease Trade Orders*

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such persons) is, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), and that was issued while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

### *Bankruptcies*

Except as disclosed below, to the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such person): (a) is, as of the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee.

Ian D. Bruce was a director of Laricina Energy Limited ("Laricina"), a junior oil sands private company, from 2013 to 2017. Laricina entered into *Companies' Creditors Arrangement Act* ("CCAA") under a protection order on March 26, 2015, and emerged on February 1, 2016, following completion of a restructuring.

Derek W. Evans was a director (until his resignation in January 2016) of Endurance Energy Ltd. (a private oil and gas company) that sought protection under the CCAA in May 2016.

### *Penalties or Sanctions*

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such person) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for such proposed nominee.

## Additional Information on the Director Nominees

For additional information on the director nominees, please refer to our Corporate Governance Practices beginning on page 53.

## Director Compensation

### General

The Corporation's director compensation program is designed to attract and retain the most qualified people to serve on the Corporation's Board and its committees and takes into account the risks and responsibilities of being an effective director. The Board sets the compensation of independent directors based on the HCCC's recommendations. The HCCC regularly reviews the compensation of independent directors and recommends to the Board such adjustments as it considers appropriate and necessary to recognize the workload, time commitment and responsibilities of the Board and committee members and to remain competitive with director compensation trends.

### Director Compensation Structure

Since January 1, 2020, the compensation of the Corporation's independent directors consists of an all-inclusive annual retainer structure comprising both a cash and an equity component. Board and committee members do not receive meeting attendance fees and the flat-fee compensation structure applies regardless of the number of meetings attended by directors. The flat-fee approach is consistent with the compensation trends of the Corporation's compensation peer group, reduces variability of director fees, promotes objectivity and independence, reflects the risk, responsibility and expected time commitment of directors, facilitates meeting frequency while holding costs, and enhances alignment of director compensation with the interests of Shareholders. Each director may elect to receive all or a portion of their annual base cash retainer in DSUs, and each director may elect to receive up to 50% of their annual equity retainer in the form of RSUs and the balance in DSUs.

In 2022, the HCCC retained the services of Meridian Compensation Partners ("Meridian") to provide expertise and advice on a compensation market review for independent directors. The review confirmed that the compensation of the Corporation's independent directors is aligned to the median of its compensation peer group and, accordingly, no changes were made.

The Corporation's President and CEO did not receive compensation for serving as a director of the Corporation. For information regarding the compensation received by Mr. Evans in 2022 in his capacity as President and CEO, refer to "*Executive Compensation*".

The following table sets out the compensation structure for the Corporation's independent directors that has been in place since January 1, 2020:

Board Fees for Independent Directors	Chair	Member
Annual Base Cash Retainer <sup>(1)(2)</sup>	\$165,000	\$70,000
Annual Equity Retainer <sup>(1)(3)</sup>	\$150,000	\$130,000
Committee Fees for Independent Directors		
Annual Retainer for Audit Committee	\$20,000	\$10,000
Annual Retainer for All Other Committees	\$15,000	\$7,000

**Notes:**

- (1) Annual retainers are pro-rated for periods of partial service.
- (2) Directors may elect to receive up to 100% of their annual base cash retainer in the form of DSUs. DSUs are granted annually.
- (3) Directors may elect to receive up to 50% of their annual equity retainer in the form of RSUs with the balance (up to 100%) in the form of DSUs. RSUs and DSUs are granted annually.

## Share-Based Compensation

Independent directors can elect to receive their annual equity retainer in the form of DSUs and RSUs. Any election to receive RSUs is subject to a limit of fifty percent (50%) of the annual equity retainer. Directors may also elect to receive their annual base cash retainer in DSUs.

### DSUs

DSUs are cash-based bookkeeping entries on the books of the Corporation. DSUs are not included in the Shareholder-approved share reserve for the Corporation's equity-based plans. Each DSU represents a notional share of the Corporation and the number of DSUs granted is determined by dividing the dollar amount of the grant by the volume weighted average price of the Shares on the TSX for the five trading days immediately preceding the grant date. When a director holding DSUs ceases to be a director of the Corporation, the director is entitled to receive the cash equivalent of the then current market price per Share as calculated in accordance with and on the timelines defined in the DSU Plan. For further details, see "*Long-Term Equity Incentive Plans*" and "*Appendix B - Summary of DSU Plan, Option Plan and RSU Plans*".

### RSUs

The number of RSUs granted to directors is determined by dividing the dollar amount of the grant by the volume weighted average price of the Shares on the TSX for the five trading days immediately preceding the grant date. The RSUs vest in thirds over three years and, upon vesting, will be settled for Shares or cash at the sole election of the Board. For further details, see "*Long-Term Equity Incentive Plans*" and "*Appendix B - Summary of DSU Plan, Option Plan and RSU Plans*".

## Summary Compensation Table - Directors

The following table sets out the compensation paid by the Corporation to its directors, other than Mr. Evans, for the year ended December 31, 2022. Disclosure regarding Mr. Evans' compensation can be found under "*Summary Compensation Table - NEOs*" on page 41.

	Fees Earned <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Total Compensation <sup>(3)</sup> (\$)
<b>Current Directors</b>			
Gary A. Bosgoed	42,000	97,500	139,500
Ian D. Bruce	165,000	150,000	315,000
Robert B. Hodgins	97,000	130,000	227,000
Kim Lynch Proctor	58,000	119,167	177,167
Susan M. MacKenzie	91,334	130,000	221,334
Jeffrey J. McCaig	84,004	130,000	214,000
James D. McFarland	93,000	130,000	223,000
Diana J. McQueen	92,000	130,000	222,000

	Fees Earned <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Total Compensation <sup>(3)</sup> (\$)
<b>Former Directors</b>			
Grant D. Billing (retired June 30, 2022)	43,500	32,500	76,000
Judy A. Fairburn (retired May 3, 2022)	28,000	10,833	38,834
William R. Klesse (retired May 3, 2022)	28,333	10,833	39,167

**Notes:**

- (1) "Fees Earned" includes the annual base cash retainer plus committee chair and membership fees for the year. Directors may elect to receive up to 100% of their annual base cash retainer in the form of DSUs. Director elections for 2022 base cash retainers were as follows:

<b>Current Directors</b>	<b>Cash</b>	<b>DSUs</b>
Gary A. Bosgoed	100%	-
Ian D. Bruce	100%	-
Robert B. Hodgins	100%	-
Kim Lynch Proctor	-	100%
Susan M. MacKenzie	100%	-
Jeffrey J. McCaig	-	100%
James D. McFarland	100%	-
Diana J. McQueen	100%	-
<b>Former Directors</b>		
Grant D. Billing (retired June 30, 2022)	100%	-
Judy A. Fairburn (retired May 3, 2022)	100%	-
William R. Klesse (retired May 3, 2022)	-	100%

- (2) All Share-based awards were granted pursuant to the RSU Plans and DSU Plan in 2022 in the form of either RSUs or DSUs. The fair values of the Share-based awards shown were calculated by multiplying the total number of units granted to a director on the grant date by the volume weighted average price of the Shares for the five trading days prior to the grant date.
- (3) The Corporation does not currently provide for, or contribute to, either a defined benefit plan or defined contribution plan on behalf of its directors.

For a detailed breakdown of fees earned by independent directors, see "*Detailed Director Compensation*".

## Detailed Director Compensation

Below is a detailed breakdown of the fees earned by independent directors for the year ended December 31, 2022.

	Base Retainer <sup>(1)</sup>		Fees Earned			Share-Based Awards <sup>(2)</sup>			Total Compensation (\$)
	Cash (\$)	DSUs (\$)	Committee Fees (cash) Chair (\$)	Member (\$)	Total Fees (\$)	RSUs (\$)	DSUs (\$)	Total Awards (\$)	
Current Directors									
Gary A. Bosgoed <sup>(3)</sup>	35,000	-	-	7,000	42,000	48,750	48,750	97,500	139,500
Ian D. Bruce	165,000	-	-	-	165,000	-	150,000	150,000	315,000
Robert B. Hodgins	70,000	-	20,000	7,000	97,000	52,000	78,000	130,000	227,000
Kim Lynch Proctor <sup>(4)</sup>	-	46,666	-	11,334	58,000	-	119,167	119,167	177,167
Susan M. MacKenzie <sup>(5)</sup>	70,000	-	10,000	11,334	91,334	-	130,000	130,000	221,334
Jeffrey J. McCaig	-	70,000	-	14,000	84,000	-	130,000	130,000	214,000
James D. McFarland	70,000	-	15,000	8,000	93,000	-	130,000	130,000	223,000
Diana J. McQueen	70,000	-	15,000	7,000	92,000	-	130,000	130,000	222,000
Former Directors									
Grant D. Billing <sup>(6)</sup>	35,000	-	-	8,500	43,500	-	32,500	32,500	76,000
Judy A. Fairburn <sup>(7)</sup>	23,333	-	-	4,667	28,000	5,417	5,417	10,833	38,834
William R. Klesse <sup>(7)</sup>	-	23,333	5,000	-	28,333	5,417	5,417	10,833	39,167

**Notes:**

- (1) Directors may elect to receive up to 100% of their annual base cash retainer in the form of DSUs.
- (2) All Share-based awards were granted pursuant to the RSU Plans and DSU Plan in 2022 in the form of either RSUs or DSUs. The fair values of the Share-based awards shown were calculated by multiplying the total number of units granted to a director on the grant date by the volume weighted average price of the Shares for the five trading days prior to the grant date.
- (3) Mr. Bosgoed was appointed to the Board on July 1, 2022.
- (4) Ms. Lynch Proctor was elected to the Board on May 3, 2022.
- (5) Ms. MacKenzie became the Chair of the HSERC effective May 3, 2022.
- (6) Mr. Billing retired from the Board effective June 30, 2022.
- (7) Ms. Fairburn and Mr. Klesse retired from the Board effective May 3, 2022.



The table below sets forth the number of RSUs and DSUs granted to independent directors for the year ended December 31, 2022, based on their individual elections.

	Base Retainer		Equity Retainer			
	Percent (%)	Units (#)	Percent (%)	Units (#)	Percent (%)	Units (#)
<b>Current Directors<sup>(1)</sup></b>						
Gary A. Bosgoed	-	-	50	2,663	50	2,663
Ian D. Bruce	-	-	-	-	100	8,494
Robert B. Hodgins	-	-	40	2,945	60	4,417
Kim Lynch Proctor	100	2,366	-	-	100	6,040
Susan M. MacKenzie	-	-	-	-	100	7,362
Jeffrey J. McCaig	100	3,964	-	-	100	7,362
James D. McFarland	-	-	-	-	100	7,362
Diana J. McQueen	-	-	-	-	100	7,362
<b>Former Directors</b>						
Grant D. Billing <sup>(2)</sup>	-	-	-	-	100	1,841
Judy A. Fairburn	-	-	50	307	50	307
William R. Klesse	100	1,322	50	307	50	307

**Notes:**

- (1) All RSUs and DSUs granted in 2022 to independent directors were granted on April 1, 2022 using the volume weighted average price of the Shares for the five trading days prior to the grant date, except for (a) the May 12, 2022 grant of DSUs to Ms. Lynch Proctor following her election to the Board using the volume weighted average price of the Shares for the five trading days prior to the grant date, and (b) the July 4, 2022 grant of RSUs and DSUs to Mr. Bosgoed following his appointment to the Board using the volume weighted average price of the Shares for the five trading days prior to the grant date.
- (2) Mr. Billing retired from the Board effective June 30, 2022, and his DSU grant was pro-rated accordingly.

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

The following table sets forth information regarding RSUs and DSUs held by each director, other than Mr. Evans, as of December 31, 2022, and includes share-based awards received under the annual equity grant and, for those directors who so elected, DSUs received in lieu of cash as payment of their annual base cash retainers. Options have not been granted to independent directors since 2012 and effective June 2, 2016, independent directors were no longer eligible to participate in the Option Plan.

	Share-Based Awards			
	Number of Shares or Units of Shares that have not Vested <sup>(1)</sup> (#)	Market or Payout Value of Share-based Awards that have not Vested <sup>(2)</sup> (\$)	Number of Vested Share-based Awards not Paid out or Distributed <sup>(3)</sup> (#)	Market or Payout Value of Vested Share-based Awards not Paid out or Distributed <sup>(4)</sup> (\$)
Gary A. Bosgoed	2,663	50,198	2,663	50,198
Ian D. Bruce	11,634	219,301	67,161	1,265,985
Robert B. Hodgins	21,236	400,299	84,423	1,591,374
Kim Lynch Proctor	-	-	8,406	158,453
Susan M. MacKenzie	-	-	52,298	985,817
Jeffrey J. McCaig	20,080	378,508	192,595	3,630,416
James D. McFarland	-	-	135,968	2,562,997
Diana J. McQueen	6,657	125,484	113,978	2,148,485

**Notes:**

- (1) Consists of RSUs granted under the treasury-settled RSU Plan.
- (2) "Market or Payout Value" is calculated by multiplying the total number of unvested RSUs held by each director by the December 31, 2022, closing price of the Shares on the TSX (\$18.85).
- (3) Consists of DSUs granted under the DSU Plan.
- (4) "Market or Payout Value" is calculated by multiplying the total number of DSUs held by each director by the December 31, 2022, closing price of the Shares on the TSX (\$18.85).

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

The following table sets forth information in respect of the value of Options and Share-based awards held by the directors of the Corporation, other than Mr. Evans, that vested during the year ended December 31, 2022, and non-equity incentive plan compensation earned by such directors during the year ended December 31, 2022. Options have not been granted to independent directors since 2012 and effective June 2, 2016, independent directors were no longer eligible to participate in the Option Plan.

	Value Vested During Year (\$)		Non-Equity Incentive Plan Compensation
	Option-Based Awards	Share-Based Awards <sup>(1)</sup>	
Gary A. Bosgoed	-	48,760	-
Ian D. Bruce	-	415,244	-
Robert B. Hodgins	-	399,886	-
Kim Lynch Proctor	-	165,850	-
Susan M. MacKenzie	-	130,013	-
Jeffrey J. McCaig	-	485,119	-
James D. McFarland	-	130,013	-
Diana J. McQueen	-	253,902	-
<b>Former Directors</b>			
Grant D. Billing	-	99,759	-
Judy A. Fairburn	-	270,662	-
William R. Klesse	-	294,009	-

**Note:**

- (1) DSUs granted to directors vest immediately and RSUs granted to directors vest in thirds over three years. Accordingly, the value in this column is the sum of the value of DSUs granted in 2022 plus the value of the RSUs vested during 2022 (which includes the final 1/3 of RSUs granted in 2019, the second 1/3 of RSUs granted in 2020 and the first 1/3 of RSUs granted in 2021). The value of DSUs was calculated by multiplying the number of DSUs granted by the market price at the time of grant. DSUs can only be exercised in accordance with the terms of the DSU Plan once a director ceases to be a member of the Board. The value of RSUs was calculated by multiplying the number of RSUs that vested by the market price on the vesting date. RSUs are settled when vested or at such other date as determined by the Board at the time of grant, not later than December 15 of the third year following the date of grant. The values reflect the choices by individual directors to receive their annual base cash retainer and annual equity retainer in DSUs and/or RSUs in the current and prior years.

## Director Share Ownership Guidelines

The Board's commitment to the success of the Corporation and the alignment of their interests with those of Shareholders are reflected in the share ownership guidelines the Corporation has in place for its independent directors (the "Director Guidelines"). First introduced in 2012, and most recently revised in 2020, the Director Guidelines require each independent director to own and maintain during such director's term on the Board, Shares, DSUs or unvested RSUs at least equal in value to three times (3X) such director's annual base cash and equity retainer (or a value of \$945,000 and \$600,000 for the Board Chair and other independent directors, respectively). Each independent director will be required to achieve the Director Guidelines within five years from the effective date of the Director Guidelines in the case of existing directors and within five years of a director's election to the Board in the case of a new director. Compliance will be determined based on a valuation at the end of each calendar year.

Each independent director must retain all Shares owned by the director and must retain in Shares the after-tax proceeds received on the settlement of treasury-settled RSUs until the target ownership level is met. Provided that the target ownership level has been met and is maintained, independent directors may sell Shares.

### Director Share Ownership Guidelines (3x Base Cash Plus Equity Retainer)

Chair	\$945,000
Member	\$600,000

The value of Shares, DSUs and RSUs in each independent director's qualifying holdings is determined as follows: (a) the value of Shares is equal to the greater of the actual purchase price and the closing share price of Shares on the TSX on the date of valuation; (b) the value of DSUs is equal to the greater of the value of the DSUs at the date of issue and the closing share price of Shares on the date of valuation; and (c) the value of unvested RSUs is equal to the greater of the value of the RSUs at the date of issue and the closing price of Shares on the TSX on the date of valuation.

If an independent director does not meet the Director Guidelines by the required date or does not continue to meet the Director Guidelines following the required date, the GNC will review the reasons why this has occurred. The GNC will then recommend to the Board a course of action. The Board in its discretion will determine the action to be taken, if any. Some of the factors to be considered by the GNC in its review include: market condition; whether, as a result of the unique financial circumstances of the individual, compliance would result in an unacceptable hardship; and any other relevant reason for why the Director Guidelines have not been met.

The following table sets forth the Director Guidelines and the value of the beneficial shareholdings of the independent directors as at December 31, 2022.

	Ownership Requirement (\$)	As of December 31, 2022				Complies with Guidelines <sup>(2)</sup>	To be Achieved By
		Shares (#)	DSUs (#)	RSUs (#)	Value of Equity Investment <sup>(1)</sup> (\$)		
Gary A. Bosgoed	600,000	-	2,663	2,663	100,395	On track	July 1, 2027
Ian D. Bruce	945,000	135,119	67,161	11,634	4,032,279	Yes	Achieved
Robert B. Hodgins	600,000	17,491	84,423	21,236	2,321,378	Yes	Achieved
Kim Lynch Proctor	600,000	20,500	8,406	-	544,878	On track	May 3, 2027
Susan M. MacKenzie	600,000	40,000	52,298	-	1,739,817	Yes	Achieved
Jeffrey J. McCaig	600,000	679,070	192,595	20,080	16,809,393	Yes	Achieved
James D. McFarland	600,000	5,209	135,968	-	2,661,186	Yes	Achieved
Diana J. McQueen	600,000	38,149	113,978	6,657	2,993,078	Yes	Achieved

**Notes:**

(1) "Value of Equity Investment" is calculated using the December 31, 2022, closing price of the Shares on the TSX (\$18.85).

(2) Pursuant to the Director Guidelines, each director is required to achieve the Director Guidelines within five years from the effective date of the Director Guidelines in the case of existing directors and within five years of election to the Board in the case of a new director.

## Director Equity Vesting on Retirement

The Corporation has adopted a policy governing the treatment of an independent director's equity on retirement where the director resigns and has a minimum of two continuous years of service as a director of the Corporation as of the date of resignation, and who provides written notice of resignation at least one fiscal quarter prior to the effective date of resignation to the Board Chair and the CEO (or the CEO in the case of a resignation by the Board Chair). In such circumstances, all DSUs and RSUs granted to the director in respect of the year of resignation will be pro-rated to the date of retirement and all unvested RSUs held by the director will continue to vest and be paid out for a three-year period following the effective date of resignation. All outstanding DSUs will vest in accordance with the terms of the DSU Plan. See "*Appendix B - Summary of DSU Plan, Option Plan and RSU Plans*".

## Executive Compensation

### Letter from our Human Capital and Compensation Committee

Dear Fellow Shareholders:

The Human Capital and Compensation Committee (the "HCCC") is pleased to provide you with an overview of the Corporation's performance in 2022 and its approach to executive compensation. The Compensation Discussion and Analysis presented below sets out the Corporation's executive compensation philosophy and practices and how they were considered when reaching decisions regarding compensation paid to the Corporation's executives.

#### Our Approach to Compensation

The Corporation's executive compensation program and policies are designed to attract and retain talented individuals with market competitive compensation to ensure they are motivated to pursue our goal of delivering long-term Shareholder value. The Corporation's compensation program is performance based and payouts are directly linked both to corporate performance and individual achievements. The majority of executive target pay is at risk, ranging from 70% to 86% depending on executive level, in the form of performance-based short-term and long-term incentives. This alignment between Shareholder value and the compensation of our executives is demonstrated in the Corporation's look-back table, which can be found under the heading "Compensation of Named Executive Officers - Total Direct Compensation - Pay Opportunity vs. Realizable/Realized Pay".

The Board believes that Shareholders' Say on Pay support reflects broad Shareholder endorsement that our compensation philosophy aligns with the interests of Shareholders and the Board remains committed to corporate governance best practices and ongoing dialogue with Shareholders to better understand their perspectives and interests.

**97.04%**

of Shareholder votes were in favour of the Corporation's approach to executive compensation in 2022.

#### 2022 Executive Compensation Decisions

Following a period of significant recovery for the oil and gas industry in 2021, the Board approved a base salary increase for all employees, including the Corporation's NEOs, in order to reflect market salary increases and in order to position these roles at approximately the 50<sup>th</sup> percentile for comparable roles within the Corporation's Compensation Peer Group. The salary increase also aligned with the very positive Shareholder experience in 2021 as measured by the Corporation's total shareholder return (TSR) of 163%.

The Corporation successfully hired a number of new financial and operational executives in 2022 to replace long-serving executives who retired during the year. These included Mr. Ryan Kubik, Chief Financial Officer and Mr. Tom Gear, Vice President Operations, both of whom appear as NEOs in the Summary Compensation Table on page 41. Recruitment of these experienced executives in a highly competitive marketplace required one-time compensation inducements to partially replace lost benefits associated with leaving prior employers. The cash component of these inducements is included in Other Compensation in the Summary Compensation Table and were \$150,000 and \$450,000 for Messrs. Kubik and Gear, respectively. In addition, both executives received a normal course 2022 LTI grant that was not prorated from their start dates in July 2022, and Mr. Gear also received a one-time inducement in the form of an equity award with a value of \$300,000. The inducements are also included in the Summary Compensation Table. These special one-time awards were approved by the Board.

The Corporate Performance Scorecard for 2022 approved by the Board in late 2021 emphasized the Corporation's commitment to environmental, social and governance (ESG) matters and the Corporation's commitment to operational excellence and achieving strong financial and operating results. Thirty-five (35%) of the Corporate Performance Scorecard was dedicated to ESG matters focused on health, safety and environment factors, human capital development and advancing decarbonization. Sixty-five (65%) of the Corporation Performance Scorecard was dedicated to financial and operating matters focused on operational excellence and the Corporation's commitment to its capital allocation strategy.

The Corporation's focus on safe, reliable and sustainable operating performance in 2022 delivered strong results for Shareholders. The Corporation achieved record quarterly and annual production levels, reflecting its continued investment in operational excellence. The Corporation also delivered on its capital allocation strategy, repaying US\$1.0 billion (approximately \$1.3 billion) of debt and buying back \$382 million of Shares. These record operational and financial results were achieved during a period of rising inflation, supply chain issues and geopolitical conflicts, and notwithstanding an unplanned electrical event following the major planned turnaround which impacted annual production by over 2,000 barrels per day.

On the ESG front, the Corporation continued to advance decarbonization plans by, among other things, supporting the Pathways Alliance. The Pathways Alliance is progressing with phase 1 of its goal to achieve net zero GHG emissions from the oil sands operations through carbon capture and storage technology as well as other emission reductions technologies. The Corporation

also continued to make significant progress on Safety Leadership Development Program and its Diversity, Equity and Inclusion efforts.

These results, supported by a positive oil price environment, helped the Corporation deliver strong TSR performance of more than 60% in 2022.

In applying the Corporate Performance Scorecard to the Corporation's performance in 2022 as a key determinate in setting short-term incentive awards, the performance against targets in the scorecard yielded an unadjusted corporate performance factor of 102%. In evaluating these results, the Board uses informed judgment and takes a holistic view, considering circumstances such as the macroeconomic environment and other relevant factors that may not be reflected in the performance rating for each scorecard category. After consideration of the results for the Corporation's 2022 Corporate Performance Scorecard, and taking a holistic view, the Board elected to apply positive discretion to the corporate performance factor from 102% to 130%. This decision was heavily influenced by the view that the unadjusted scorecard was not fully reflective of the Corporation's record operational and financial performance, and in recognition of the organization's exceptional efforts, ingenuity and tenacity in achieving record production of more than 110,000 barrels per day in 4Q2022, far exceeding expectations and offsetting the impact of the unexpected electrical event, and in mitigating the impacts of unexpectedly high inflation and challenging supply chains. The Board was also cognizant of the positive shareholder experience in 2022.

## CEO Compensation

Compensation of the Corporation's CEO, Derek Evans, for 2022 was determined based upon an analysis of Corporation's compensation peer group with the goal of aligning compensation to the median of the compensation peer group and the Corporation's compensation philosophy. The CEO's annual performance bonus was determined based upon the Corporate Performance Scorecard and an evaluation of Mr. Evans' performance against the CEO objectives that were approved by the Board in late 2021 as well as a newly implemented more formal CEO evaluation process. The CEO objectives were primarily focused on health and safety developments, optimization of existing plant capacity, demonstration of progress on decarbonization initiatives, human capital development initiatives, continued execution on the Corporation's capital allocation strategy, securing Federal and Provincial support for Pathways Alliance and launching a strategy for inclusion and diversity. The CEO evaluation process reflects current governance best practices and includes a self-assessment by the CEO and an assessment of performance by each independent director. Mr. Evans' 2022 individual performance rating as adopted by the Board was 190% out of 200%, resulting in a bonus award of \$874,365, or 142% of the target STI award opportunity (i.e., 80% weighted to Corporate Scorecard Performance factor of 130% and 20% to individual performance rating of 190%). No discretionary adjustment was made to the CEO's annual STI award in 2022. The details of the Board's evaluation of Mr. Evans' 2022 performance can be found under the heading "*Individual Performance of CEO*".

## Looking Forward

The Corporation's strategic focus in 2023 is to continue to successfully execute on its capital allocation strategy by maintaining the free cash flow allocated to share buybacks at 50% with the remainder applied to further debt reduction until net debt reaches US\$600 million. The Corporation also remains focused on the delivery of safe and reliable operations from the Christina Lake asset and will continue to invest in its Safety Leadership Development Program, for both employees and contractors, and to advance operational excellence initiatives. In addition, the Corporation is committed to furthering its ESG priorities including: a continued focus on advancing the Corporation's decarbonization initiatives; human capital development; and diversity, equity and inclusion. The Board believes that the Corporation's compensation program will deliver on these strategic objectives and support long-term Shareholder value.

On behalf of the HCCC, I would like to thank you for your support and feedback, which we will continue to seek as we review and refine our compensation practices to ensure that they deliver competitive compensation consistent with the Corporation's short- and long-term performance against its strategic objectives. Please feel free to contact members of the HCCC through the Corporation's corporate secretary at MEG Energy Corp., 21st Floor, 600 - 3rd Avenue S.W., Calgary, Alberta T2P 0G5 or contact the Corporation's Investor Relations department any time, by letter, email at [invest@megenergy.com](mailto:invest@megenergy.com) or by telephone at 403-767-0515.

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**JAMES D. McFARLAND**, Human Capital and Compensation Committee Chair

# Compensation Discussion and Analysis

## Executive Summary

The Corporation achieved record results during 2022 including record quarterly and annual bitumen production volumes of 110,805 and 95,338 barrels per day, respectively, and record free cash flow of \$1.558 billion. In addition, the Corporation continued to execute on its capital allocation strategy, including repaying approximately US\$1.0 billion (approximately \$1.3 billion) of debt and completing approximately \$382 million in share buybacks. These results were achieved notwithstanding an inflationary cost environment, supply chain challenges, geopolitical developments and an unplanned electrical event which occurred following the major planned turnaround which resulted in a slower than forecast production ramp-up and which negatively impacted full year 2022 average production by approximately 2,000 barrels per day.

### ***Financial Results***

The Corporation's significant financial accomplishments during 2022 include:

- Free cash flow of \$1.558 billion;
- Debt repayment of US\$1.0 billion (approximately \$1.3 billion); and
- Return of \$382 million to Shareholders through the buyback of 20.7 million shares for cancellation pursuant the Corporation's normal course issuer bid.

### ***Operational Results***

The Corporation's significant operational accomplishments during 2022 include:

- Increased production throughout 2022 to exit the year at record quarterly and annual bitumen production volumes of 110,805 and 95,338 barrels per day, respectively; and
- Achieved increased production at a lower steam-to-oil ratio (SOR) of 2.36 in 2022, compared to 2.43 in 2021.

These operational results reflect the Corporation's continued focus on operational excellence and were accomplished with an enhanced field development strategy and completion designs, optimized inter-well spacing, short-cycle high return redevelopment projects and steam allocation techniques that are lowering field SOR ratios and associated GHG intensity.

### ***Environmental, Social and Governance Activities***

The Corporation progressed the implementation of its Safety Leadership Development Program, including the completion of Safety Leadership Training, the rigorous application of the Stop/Think/Plan safety tool and the establishment of MEG Operating Priorities. The activities also included the completion of a safety culture survey and assessment, the rollout of the program, continuous improvement in system integrity, incident investigation and emergency response.

The Corporation remains committed to its environmental, social and governance (ESG) mid-term goal of reducing Scope 1 and Scope 2 bitumen GHG emissions intensity by 2030 compared to 2013 levels, and its long-term ESG goal of reaching net zero Scope 1 and Scope 2 GHG emissions by 2050. In early 2023, the Corporation replaced its mid-term target of reaching a 30% reduction in bitumen GHG emissions intensity (Scope 1 and Scope 2) from 2013 levels by 2030, with a mid-term target of reducing its absolute GHG emissions (Scope 1 and Scope 2) by 0.63 megatonnes per annum by year-end 2030, representing a reduction of approximately 30% in absolute Scope 1 and Scope 2 emissions from 2019 levels.

Along with its Pathways Alliance peers, the Corporation continued to progress pre-work on the proposed foundational carbon capture and storage project, which will transport CO<sub>2</sub> via pipeline from multiple oil sands facilities to be stored safely and permanently underground in the Cold Lake region of Alberta. The Corporation and its Alliance peers continue to work closely with the federal and provincial governments to land on policy that supports the progress of these large decarbonization projects while ensuring Canada remains globally competitive and continues to attract investment. In addition to its Climate Change and GHG Emissions goals, the Corporation continues to progress each of its other three priority ESG topics: Health and Safety, Indigenous Relations, and Water and Wastewater Management.

The Corporation achieved compliance with its previously disclosed Board diversity and inclusion targets, with three women (33%) and one racially diverse individual (11%) elected or appointed to the Board in 2022, well ahead of the original 2025 target. In addition, the Corporation adopted a Diversity, Equity and Inclusion (DE&I) strategic plan, a new DE&I Policy and added leadership resources to ensure that the Corporation's efforts to create and sustain an inclusive workplace reflect current best practices and terminology.

### ***Linking Business Results to Compensation***

The Corporation's strong performance in 2022 is reflected in its 2022 Corporate Performance Scorecard results, which exceeded target in aggregate. In evaluating these results, the Board uses informed judgment and takes a holistic view, considering circumstances such as the macroeconomic environment and other relevant factors that may not be reflected in the performance rating for each scorecard category. After consideration of the results for the Corporation's 2022 Corporate Performance Scorecard, the Board elected to apply positive discretion to the corporate performance factor from 102% to 130%. This decision was heavily influenced by the view that the unadjusted scorecard was not fully reflective of the Corporation's record operational and financial performance, and in recognition of the organization's exceptional efforts, ingenuity and tenacity in achieving record



production of more than 110,000 barrels per day in 4Q2022, far exceeding expectations and offsetting the impact of the unexpected electrical event, and in mitigating the impacts of unexpectedly high inflation and challenging supply chains. The Board was also cognizant of the positive shareholder experience in 2022.

## Compensation Philosophy

The Corporation believes that its success is dependent on its ability to attract, retain and motivate a dedicated group of high performing employees and top management and quality directors. Accordingly, the Corporation's compensation design supports its "pay for performance" culture, creating alignment with Shareholder and other stakeholder value through annual and long-term corporate strategic measures.

In order to achieve this objective, the Corporation's model of executive compensation is focused on embedding a direct correlation between executive pay and corporate performance in order to align executive strategic focus with the interests of Shareholders. The Corporation's executive compensation is designed to include a combination of fixed and variable or 'at risk' components. The 'at risk' components achieve the Corporation's objective of establishing performance-based compensation by linking the payout of short-term and long-term incentives to satisfaction of specified and transparent corporate objectives linked directly to the Corporation's strategic objectives and shaped based on feedback from Shareholder engagement by the Board and management.

## Compensation Governance

### *Role of the Board and HCCC*

The Board oversees the executive compensation program and approves the corporate objectives on which the program is based. With respect to the compensation of executive officers other than the CEO, the Board solicits input from the CEO as well as a recommendation from the HCCC. With respect to the compensation of the CEO, the Board solicits a recommendation from the HCCC alone which incorporates the CEO's self-assessment and assessment of performance from each independent director.

The HCCC is comprised of four independent directors: James D. McFarland (Chair), Kim Lynch Proctor, Jeffrey J. McCaig and Diana J. McQueen. Members of the HCCC have gained experience in executive compensation matters through their roles as senior executives in industry, public sector leadership, and/or directors of numerous organizations and have direct experience in establishing and operating executive and corporate compensation programs. Further information regarding the skills and experience of each member of the HCCC is set out under "*Corporate Governance Practices - Skills Assessment and Nomination*."

The HCCC's primary responsibilities regarding compensation matters are as follows:

- (a) in consultation with management, establish the Corporation's general compensation philosophy and oversee the development and implementation of compensation programs;
- (b) oversee the Corporation's executive compensation programs to ensure programs are properly coordinated, market competitive and achieving their intended purposes;
- (c) ensure that executive compensation related risks are understood and considered, and excessive or inappropriate risks are not being encouraged;
- (d) review and recommend for approval by the Board and Shareholders all equity-based compensation plans, including the RSU Plans, Option Plan, or other incentive compensation plans and the administration of such plans;
- (e) review annually and recommend for approval by the Board the total executive compensation program, including base salary, short-term incentive (STI) and long-term incentive (LTI) opportunity awards, perquisites and other benefits;
- (f) evaluate annually and recommend for approval by the Board the total compensation of the CEO considering both individual performance against pre-determined goals and objectives and overall corporate performance;
- (g) review annually and recommend for approval by the Board the total compensation of each of the Corporation's executives (other than the CEO);
- (h) review annually and recommend for approval by the Board the total compensation budget for the Corporation including base salary, annual incentives and equity awards;
- (i) review annually and recommend for approval by the Board the compensation arrangements for the directors of the Corporation, the chair of the Board, and the chair and members of each committee of the Board, including the award of equity; and
- (j) review annually and recommend for approval by the Board the individual goals and objectives established for the CEO of the Corporation.

## Compensation Consultants and Advisors

As part of the 2022 compensation review process, the HCCC relied on input from management and market information provided by Mercer (Canada) Limited ("Mercer") in the Mercer Total Compensation Survey for the Energy Industry (the "Mercer Survey") and other publicly available data sources. The Corporation also engaged Meridian Compensation Partners ("Meridian") as its independent advisor in 2022 to:

- Review the Corporation's compensation peer group (the "Compensation Peer Group"). The Compensation Peer Group is used to assess the competitiveness of the Corporation's compensation programs and policies, establish target incentives and determine total compensation, including base salary, annual short-term incentives (cash bonuses) and long-term incentives (LTI grants) for each of its executive officers;
- Review the Corporation's performance peer group (the "Performance Peer Group"). The Performance Peer Group is used to for the purpose of benchmarking relative total shareholder return (TSR) performance under the Corporation's PSU program;
- Complete an assessment of the Corporation's compensation-related risks and provide advice on compensation risks on an ongoing basis;
- Provide updates on market trends and compensation governance; and
- Evaluate the alignment of realizable compensation and performance.

Mercer also provides consulting services to management relating to the Corporation's benefits programs pertaining to all employees.

The following table provides information regarding the fees paid to Mercer and Meridian with respect to services provided to the HCCC and to management for the years ended December 31, 2021, and December 31, 2022.

	Mercer		Meridian		Total	
	2021	2022	2021	2022	2021	2022
Executive Compensation Related Fees (\$)	55,957	52,591	79,951	56,895	135,908	109,486
All Other Fees <sup>(1)</sup> (\$)	61,539	75,318	-	-	61,539	75,318
<b>Total (\$)</b>	<b>117,496</b>	<b>127,909</b>	<b>79,951</b>	<b>56,895</b>	<b>197,447</b>	<b>184,804</b>

**Note:**

(1) Includes consulting fees paid for other matters that apply to the Corporation as a whole, such as commissions on group benefit plans.

## Benchmarking

In setting the compensation for executive roles, the Corporation targets compensation within a competitive range of market median, focusing on total direct compensation, including base salary, cash bonuses and LTI grants. The Corporation's compensation design supports its "pay for performance" culture, creating alignment with Shareholder and other stakeholder value through annual and long-term corporate strategic measures.

Each position in the Corporation is benchmarked or matched to a corresponding role in the Mercer Survey. Each senior executive position is also matched to a corresponding senior executive role in the management information circulars of the Corporation's Compensation Peer Group. The compensation data for these matches is used to provide guidance on base salary, annual cash bonus and LTI grants. Management then makes recommendations to the HCCC, based on these benchmarking results and corporate performance and individual performance of the senior executive. The HCCC then reviews the recommendations and adjusts as appropriate and makes a recommendation to the Board for approval. In the case of the CEO, the HCCC reviews the CEO's self-assessment against the Board-approved CEO goals and objectives and Board assessment of CEO performance, the relevant industry and Compensation Peer Group data and the overall performance of the Corporation prior to determining its recommendation to the Board related to CEO compensation.

## Compensation Risk Mitigation

The features of the Corporation's compensation programs have been designed to foster decisions and actions that result in the creation of both near-term and long-term Shareholder value. Additionally, the Corporation's executive compensation design process includes the following structural measures which are intended to discourage short-term thinking or excessive risk-taking by executives:

- Annual review and consideration by the HCCC and Board of executive compensation policies and practices relative to appropriate industry peers;
- The HCCC is comprised entirely of independent directors;
- Meridian is engaged by the HCCC to review the risks associated with the Corporation's compensation programs and Meridian attends all HCCC meetings;
- There are overlaps within the membership of Board Committees which ensure that the HCCC has a thorough understanding of the Corporation's enterprise risks when making decisions respecting compensation;
- The Board has the ability to use its informed judgment to adjust incentive payouts;

- Market aligned clawback policy pursuant to which incentive compensation may be clawed back if there is (a) fraud or misconduct of an executive, (b) resulting in a restatement of financials and (c) an overpayment of compensation;
- Use of two carefully considered peer groups, one for assessing compensation (Compensation Peer Group) and the other for measuring relative total Shareholder return for PSU performance assessment (Performance Peer Group);
- Blend of fixed and variable compensation and a weighting of share-based compensation towards at-risk compensation;
- Use of an annual "balanced scorecard" which includes environmental, social and governance (ESG), financial and operational measures, requiring that results be achieved in a balanced, sustainable manner;
- Awards under the Corporation's annual short term incentive plan are based on corporate-wide metrics and individual performance;
- Balance of relative and absolute targets in the Corporation's long-term incentive compensation program;
- Absence of option awards in the Corporation's recent share-based compensation program reducing leverage and providing retention value in both high and low performance cycles through the Corporation's other RSU Plans, which provide awards of RSUs and PSUs;
- Regular annual awards of share-based compensation provide overlapping vesting periods and maintains executives' exposure to the risks of their decision making through their unvested share-based awards to address longer "tail" risks;
- Share ownership requirements support sustained long-term value creation and meaningful Shareholder alignment;
- Insider trading policy prohibits hedging of Shares and Share-based incentives;
- Financial performance underlying incentive compensation based upon annual audited financial results; and
- The accuracy and quality of the financial measures used for the Corporation's incentive plans are reviewed by the Audit Committee, the relative TSR measure is confirmed by the HCCC's independent consultant, and the safety and environmental performance measures are reviewed by the HSERC.

### *Anti-Hedging Policy*

In addition to the foregoing structural measures, the Corporation's Insider Trading and Disclosure Policy contains anti-hedging provisions which prohibit individual directors, officers, employees and consultants of the Corporation from purchasing any financial instrument designed to hedge or offset a decrease in market value equity securities granted as compensation, or held, directly or indirectly, by any such person.

### *Clawback Policy*

The Corporation's Clawback Policy provides that if the Board determines that an executive of the Corporation has engaged in fraud or intentional illegal misconduct which requires a material restatement of the Corporation's financial results and the restatement results in lower performance-based compensation than what was actually paid or awarded to the executive, then the Board may recover from the executive the difference between the performance-based compensation paid or awarded and the performance-based compensation calculated based on the restated financial results.

### *Share Ownership Guidelines*

The Corporation has adopted share ownership guidelines for all executives in order to align the interests of executives with the interest of Shareholders. The share ownership guideline for the President and Chief Executive Officer is five times base salary, for the Chief Financial Officer, Chief Operating Officer, and Senior Vice Presidents is three times base salary, and for Vice Presidents is two times base salary. These ownership levels are required to be achieved within five years from the date of appointment. This amendment aligns with good corporate governance practices. See "*Compensation of Named Executive Officers - Executive Share Ownership Guidelines*" for more information on share ownership of the current NEOs.

## Compensation Benchmarking

The Corporation targets compensation for executive roles within a competitive range of market median and uses benchmarking as a reference in setting total direct compensation for its executives. Having appropriate peer groups to measure against is key to achieving this goal. The Corporation uses two distinct peer groups: a Compensation Peer Group and a Performance Peer Group.

### *Compensation Peer Group*

Companies are selected for inclusion in the Compensation Peer Group primarily on the basis of who the Corporation competes with for talent, being those companies from which the Corporation hires its executives as well as those which are most likely to seek out and hire the Corporation's executives. Keeping compensation competitive with these organizations improves the Corporation's ability to attract and retain its executive workforce. The following selection criteria are used by the Board and have proven effective in identifying organizations that the Corporation competes with for executive talent:

Factors Considered	Selection Criteria
1. Competition History	Historical Source of or Destination for Executive Talent
2. Oil versus Gas Weighting	Strong Oil Weighting (with preference given to those with oil sands/in situ operations)
3. Ownership Type	Publicly Traded on the TSX
4. Industry Sector	Upstream Oil & Gas or Pipeline/Midstream
5. Location of Headquarters/Operations	Alberta/Western Canada
6. Corporate Size Characteristics	Enterprise Value, Revenue and/or Production

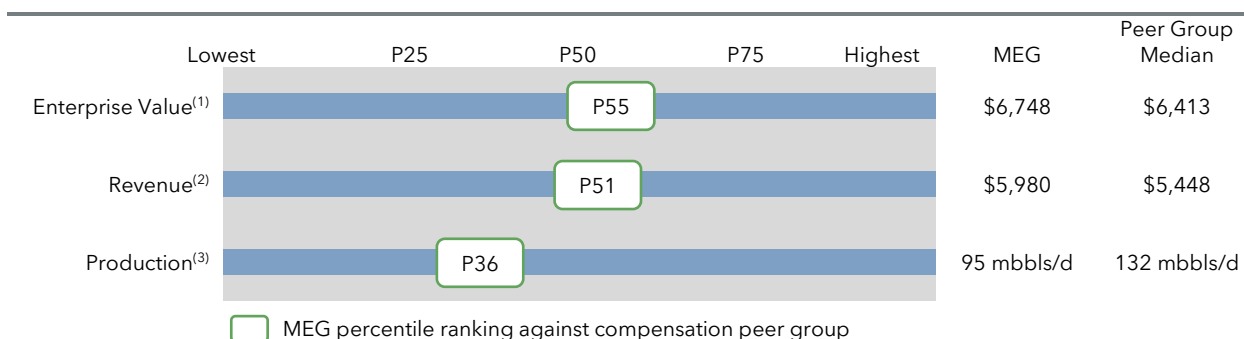
Organizations rarely meet all of the selection criteria, but alignment on most criteria usually indicates that the organization competes with the Corporation for executive talent and is an appropriate peer for compensation benchmarking.

For the Corporation's senior executives, the Corporation typically relies on compensation data disclosed in management information circulars for the companies in the Compensation Peer Group to conduct its pay benchmarking. For the Corporation's other executives, the Corporation relies on the Mercer Survey and other industry surveys.

In 2022, the Corporation's Compensation Peer Group consisted of the following 14 companies, a reduction of two companies from 2021 due to corporate acquisitions:

Compensation Peer Group	
ARC Resources Ltd.	Keyera Corp.
Athabasca Oil Corporation	NuVista Energy Ltd.
Baytex Energy Corp.	Ovintiv Inc.
Cenovus Energy Inc.	Pembina Pipeline Corporation
Crescent Point Energy Corp.	Tourmaline Oil Corp.
Enerplus Corporation	Vermilion Energy Inc.
Gibson Energy Inc.	Whitecap Resources Inc.

The Corporation aims to position itself near the median (P50) of the Compensation Peer Group in terms of corporate size characteristics. The chart below shows the Corporation's positioning on each of enterprise value, revenue and production:



**Notes:**

- (1) Enterprise Value (defined as market capitalization plus net debt) in \$ millions as at December 31, 2021. Enterprise Value is a non-GAAP measure. See "Advisories - Non-GAAP Financial Measures and Other Financial Measures" for further details.
- (2) Trailing 12-months revenue as of Q3 2022 in \$ millions.
- (3) 2022 estimated annual production as of Q3 2022, in thousands of barrels of oil equivalent per day ("mboe/d").

### Performance Peer Group

The Corporation uses a Performance Peer Group that is distinct from the Compensation Peer Group for the purpose of benchmarking relative TSR performance under the Corporation's PSU program. See "Components of Executive Compensation" for more information.

Each year the Corporation reviews its oil and gas industry peers with the goal of creating a representative peer group with business and risk profiles that are similar to the Corporation. Companies are selected for inclusion in the Performance Peer Group based primarily on how their stock price responds to macroeconomic factors such as WTI oil prices, light-heavy oil price differentials and pipeline apportionment. By selecting companies having similar exposure to the effects of these external factors as the Corporation has, relative share price performance more accurately reflects the actions of management. The following selection criteria were applied in the construction of the 2022 Performance Peer Group:

Factors Considered	Selection Criteria
1. Oil Sands/Oil Weighted Production	Either Oil Sands or Oil Weighted Production (vs. Gas Weighted)
2. Upstream Focus	Not Fully Integrated (with Midstream/Downstream Operations)
3. Ownership Type	Publicly Traded on the TSX
4. Domestic Production Focus	Majority of Production in Western Canada
5. Share Price Behavior	Correlation with MEG Share Price over a Five-Year Period
6. Corporate Size Characteristics	Enterprise Value, Revenue and/or Production

The Corporation's 2022 Performance Peer Group consisted of the following 17 companies, an increase of two companies (Canadian Natural Resources Limited and Suncor Energy Inc.) from 2021:

Performance Peer Group	
ARC Resources Ltd.	NuVista Energy Ltd.
Athabasca Oil Corporation	Obsidian Energy Ltd.
Baytex Energy Corp.	Ovintiv Inc.
Canadian Natural Resources Limited	Paramount Resources Ltd.
Cenovus Energy Inc.	Suncor Energy Inc.
Crescent Point Energy Corp.	Tourmaline Oil Corp.
Enerplus Corporation	Vermilion Energy Inc.
Gran Tierra Energy Inc.	Whitecap Resources Inc.
Imperial Oil Limited	

## Components of Executive Compensation

The compensation package for all executive officers is comprised of base salary, annual short-term incentives (STI), participation in the Corporation's long-term incentive (LTI) plans, participation in benefit plans and other nominal perquisites. All salaries, salary increases, short-term incentives and long-term incentive grants for the NEOs and other executive officers, as applicable, have been reviewed, considered and recommended by the HCCC and, in turn, approved by the Board. The review process includes an analysis relative to the Corporation's Compensation Peer Group to match peer group data for similar job descriptions, with the goal of aligning compensation to the median of the Compensation Peer Group in order to attract and retain qualified and experienced personnel. Further adjustments to compensation are made based primarily on individual and corporate performance.

Component and Performance Period	Description	Objective
Base Salary (Fixed) Annual	<ul style="list-style-type: none"> <li>Compensation related to discharge of duties and based on role, skills and responsibility</li> <li>Competitive with base salaries of comparable executives within the of Compensation Peer Group for executives</li> <li>Determined by the Board based on recommendation of the HCCC</li> <li>Informed judgment may be exercised to account for the Shareholder experience when salary increases are being considered.</li> </ul>	<ul style="list-style-type: none"> <li>Market competitive features designed to attract and retain high performing executives</li> </ul>
Short-Term Incentives   Cash Bonus (Variable) Annual	<ul style="list-style-type: none"> <li>Determined using each executive's individual bonus target as a percentage of base salary, weighted between corporate performance scorecard results and individual performance</li> <li>See discussion below under the heading "<i>Short-Term Incentive Compensation</i>" for targets, corporate vs individual weighting and 2022 Corporate Performance Scorecard results</li> <li>Intended to motivate and reward executives where they achieve or surpass annual corporate goals</li> </ul>	<ul style="list-style-type: none"> <li>Motivate and reward executive officers to contribute to the satisfaction of the Corporation's short-term strategic and operational goals</li> </ul>
Long-Term Incentives <sup>(1)(2)</sup>   Restricted Share Units (RSUs) (Variable) 1-3 Years	<ul style="list-style-type: none"> <li>RSU awards vest and are settled in thirds on the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> anniversary of the date of grant. Value upon vest is determined based on 5-day volume weighted average share price leading up to vest date</li> <li>The Corporation has issued RSUs under both its cash-settled and treasury-settled plans in prior years, as required to stay within its Shareholder approved share reserve. However, in 2020, the Corporation established a corporate objective to issue only treasury-settled RSUs where possible and if not possible to treasury-settle an entire award, to issue treasury-settled RSUs to executives (and Board members who choose to receive RSUs in</li> </ul>	<ul style="list-style-type: none"> <li>Provide ability to attract and retain talent while ensuring alignment of executive interest with Shareholder interest by linking pay to performance</li> <li>Offer 'at risk' compensation whereby realized value is directly linked to retention</li> </ul>

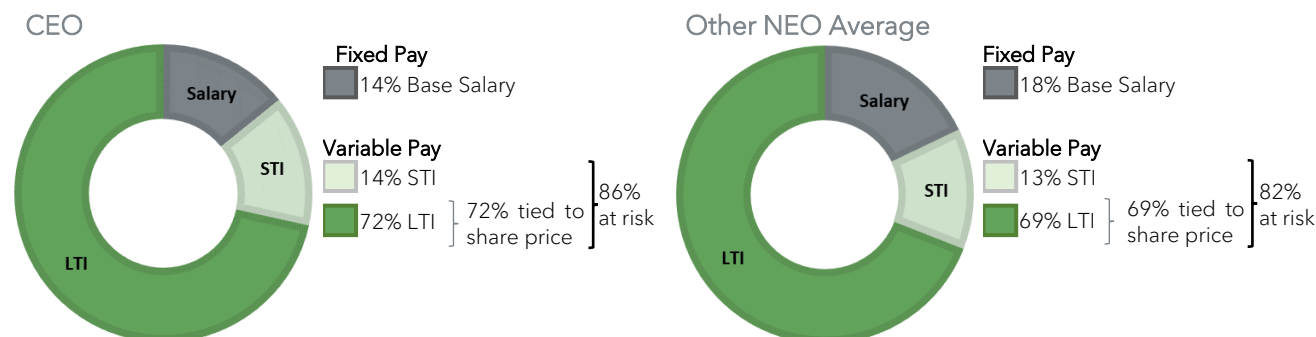
Component and Performance Period	Description	Objective
	<ul style="list-style-type: none"> <li>partial satisfaction of their equity retainers) and continue to do so by level as far down the organization as possible</li> <li>Annual grant</li> </ul>	<ul style="list-style-type: none"> <li>timelines and, in the case of PSUs, to satisfaction of specified performance metrics and to share price performance at vesting</li> <li>Reward contribution toward high corporate performance</li> <li>Encourage long-term strategic decision making which is aligned with Shareholder interests</li> <li>Using a combination of one-year and three-year performance periods ensures both long-term alignment with Shareholder interests while recognizing the practical challenges involved in setting meaningful long-term performance targets in the volatile and rapidly changing business environment in which the Corporation operates</li> </ul>
Long-Term Incentives <sup>(1)(2)</sup>   Performance Share Units (PSUs) (Variable)   3 Years	<ul style="list-style-type: none"> <li>PSU awards are administered under the RSU Plan but have performance conditions attached to them</li> <li>PSUs become eligible to vest after a combination of one-year and three-year performance periods. In all instances payout only occurs after three years, provided that all performance periods in a PSU grant that are eligible to vest become vested</li> <li>Satisfaction of performance metrics is measured following completion of each performance period included in a grant and leads to a multiplier between 0X and 2X being applied to the award when it becomes eligible to vest</li> <li>The Corporation issued PSUs under both its cash-settled and treasury-settled plans in prior years, as required to stay within its Shareholder approve share reserve. However, the Corporation established a corporate policy of issuing only treasury-settled PSUs where possible and if not possible to treasury-settle the entire award, to issue treasury-settled PSUs to executives and continue to do so by level as far down the organization as possible</li> <li>Annual grant</li> </ul>	
Benefits and Perquisites   Annual	<ul style="list-style-type: none"> <li>Parking, perquisite allowance, medical and dental benefits, savings plan contributions, executive medical</li> <li>The Corporation does not have a pension plan</li> </ul>	<ul style="list-style-type: none"> <li>Market competitive feature designed to attract and retain high performing executives</li> </ul>

**Notes:**

- (1) A detailed description of the material terms of the Corporation's RSU Plans (under which PSUs are also granted) and Option Plan, can be found under the heading "Long-Term Equity Incentive Plans" and in "Appendix B – Summary of DSU Plan, Option Plan and RSU Plans".
- (2) The Corporation has not granted stock options since 2019.

### Compensation Mix

The following charts illustrate the proportion of 2022 NEO compensation made up of fixed, short-term variable and long-term variable compensation. The HCCC and the Board believe that the heavy weighting on variable (or "at risk") compensation, the use of a balanced set of measures to determine short-term incentive (STI) payouts, and a mix of LTI instruments supports pay for performance, discourages inappropriate risk taking and fosters retention.





## Short-Term Incentive Compensation

The Corporation's STI compensation program is based on the following model:

$$\text{Bonus Payment} = \text{Salary} \times \text{Bonus Target \%} \times \left[ \begin{array}{cc} \text{Corporate Weighting} & \text{Individual Weighting} \\ \times & \times \\ \text{Corporate Rating} & \text{Individual Rating} \end{array} \right]$$

The STI weighting between Corporate Performance and Individual Performance for each NEO is set according to such NEO's level of seniority within the organization.

The actual STI awards to each NEO for 2022 are set out fully under the heading "Summary Compensation Table – NEOs".

MEG Internal Level	Annual Bonus Target	Corporate Performance Weighting	Individual Performance Weighting
CEO	100%	80%	20%
CFO/COO/SVP	60%	75%	25%
VP	45%	70%	30%

## Long-Term Incentive Compensation

In determining the recommended total value of LTI to be granted to each NEO, the HCCC takes into consideration several factors, including scope of responsibility, ability to affect Shareholder value, performance, LTI value awarded to comparable peers within the Compensation Peer Group, as well as the competitiveness of the resulting total direct compensation of those NEOs. Previous grants are not generally taken into account when determining the value of grants made in any given year.

The associated value of RSUs, PSUs and Options awarded to each NEO is then determined by multiplying the total LTI value by the LTI mix percentages which are in place for executives. Options have not been awarded to NEOs since 2019.

2022 NEO LTI Mix	
PSUs	60%
RSUs	40%

## Changes to Executive Compensation for 2023

### Short-Term Compensation

For 2023, based upon the recommendation of the HCCC, the Board revised the annual bonus target for the Corporation's executives (other than the CEO) as shown to align with the practices of the Corporation's Compensation Peer Group.

MEG Internal Level	Annual Bonus Target
CEO	100%
CFO/COO/SVP	75%
VP	50%

### Long-Term Compensation

Based upon the recommendation of the HCCC, the Board maintained the LTI mix percentages in place for executives at 60% PSUs and 40% RSUs for 2023.

### PSU Performance Measures

Also for 2023, based upon the recommendation of the HCCC, the Board continued to use a combination of one-year and three-year performance periods for PSUs issued under the Corporation's RSU Plans. In particular, the 2023 PSU performance measures include a three-year relative TSR performance measure and two one-year measures: the Corporation's steam-oil ratio (SOR) and the execution of the Corporation's strategic initiatives.

## 2022 Compensation Performance

### Measuring 2022 Performance for Short-Term Incentive Compensation

The corporate performance score used in the STI model is determined using targets set out in Corporation's Corporate Performance Scorecard for the relevant performance year. Following completion of a performance year, the Board, with the advice of the HCCC, reviews the results of the Corporate Performance Scorecard and makes a determination as to the corporate performance score to be applied to the STI calculation for the year. Although many of the targets are numerical in nature, the evaluation process also involves the use of informed judgment and a holistic view considering circumstances such as the macroeconomic environment and other factors that may not be reflected in the performance rating for each category. The Board may revise the calculated corporate performance score if, in its application of informed judgment, it deems a revision to be warranted.

### 2022 Corporate Performance Scorecard

The Corporation established and received Board approval of its 2022 Corporate Performance Scorecard in late 2021. The scorecard was comprised of two broad categories with the following weightings: ESG (35%) and Financial (65%). The ESG category aggregated performance indicators relating to health, safety and environment and human capital, with metrics related to diversity, equity and inclusion, reportable spill count and GHG intensity, reflecting the Corporation's commitment to its people, to continuous improvement and to decarbonizing its business. The Financial metrics included free cash flow, continued debt reduction and sustaining bitumen production capacity, reflecting the Corporation's strategic focus on fully utilizing the Christina

Lake facility's oil-processing capacity and achieving the Corporation's near-term debt targets. The Board's assessment of the Corporation's performance relative to the Corporation's 2022 Corporate Performance Scorecard targets is shown in the following table:

Performance Indicator	Target (1x)	Result	Weight	Final Score
Lost Time Incidents	0	1	6.0%	0.00x
Potentially Serious Events	4	4	5.0%	1.00x
Inspection Compliance	95%	100%	4.0%	2.00x
Total Spill Volume (m <sup>3</sup> /million m <sup>3</sup> )	62	113	4.0%	0.00x
Steam Oil Ratio (SOR) (GHG Intensity Measure (kg CO <sub>2</sub> /bbl))	58.5	58.6	5.0%	0.93x
Succession & Development	1	Outperformed	3.0%	2.00x
Inclusion & Diversity	1	Outperformed	3.0%	2.00x
Advance Decarbonization Plans	1	Outperformed	5.0%	2.00x
Free Cash Flow (\$mm) <sup>(1)</sup>	\$935	\$1,557	15.0%	2.00x
Production (bbls/d)	95,600	95,338	25.0%	0.91x
Non-Energy Operating Costs (\$/bbl) <sup>(2)</sup>	\$4.50	\$4.74	20.0%	0.00x
Continue Normalization of Balance Sheet	1	Outperformed	5.0%	2.00x
<b>2022 Calculated Performance Factor</b>				<b>1.02x</b>
<b>2022 Board Approved Performance Factor</b>				<b>1.30x</b>

**Notes:**

- (1) Free Cash Flow is a capital management measure. See "Advisories - Non-GAAP Financial Measures and Other Financial Measures" for further details.
- (2) Non-energy Operating Costs is a supplementary financial measure. See "Advisories - Non-GAAP Financial Measures and Other Financial Measures" for further details.

After consideration of the results for the Corporation's 2022 Corporate Performance Scorecard, the Board, in its application of informed judgment, elected to apply upward adjustment to the corporate performance factor from 102% to 130% based upon the Board's overall assessment of the Corporation's operational performance. In applying this discretion, the HCCC and Board considered the record production and free cash flow performance in 2022, the organization's exceptional efforts in mitigating the impacts of the unexpected electrical event on both production and unit operating costs and higher than expected inflation (which together burdened the scorecard), and the positive shareholder experience as measured by TSR performance.

## 2023 Corporate Performance Scorecard

For 2023, the Corporate Performance Scorecard, approved by the Board in early 2023, is comprised of two categories with weightings as follows: ESG (35%) and Financial & Operational (65%). The ESG category continues to reflect the Corporation's focus on safety and environment and decarbonization, with new metrics added relating to safety culture and safety leadership and the Corporation's diversity, equity and inclusion efforts. The Financial & Operational category reflects the Corporation's ongoing focus on strong operating results and operating costs, with a new metric relating to the Corporation's long-term capital allocation strategy that highlights near-term debt reduction targets and returns to Shareholders.

ESG		FINANCIAL AND OPERATIONAL	
Weight	Performance Indicator	Weight	Performance Indicator
35%	Total Recordable Incident Rate	65%	Free Cash Flow (\$mm) <sup>(1)</sup>
	Safety Culture - Safety Leadership Performance Indicator		Production (bbls/d)
	Reportable Spill Index		Non-Energy Operating Costs (\$/bbl) <sup>(2)</sup>
	GHG Compliance Intensity (kg CO <sub>2</sub> /bbl)		Refine Long-Term Capital Allocation Strategy
	Diversity, Equity & Inclusion		Free Cash Flow (\$mm)
	Advance Decarbonization Plans		Production (bbls/d)

**Notes:**

- (1) Free Cash Flow is a capital management measure. See "Advisories - Non-GAAP Financial Measures and Other Financial Measures" for further details.
- (2) Non-energy Operating Costs is a supplementary financial measure. See "Advisories - Non-GAAP Financial Measures and Other Financial Measures" for further details.

## Individual Performance of CEO

Commencing in 2019, the Corporation adopted CEO objectives which are fully transparent to both employees and Shareholders. The purpose of the CEO objectives is to set and ensure alignment on the Corporation's strategic objectives across the organization. The CEO's objectives for 2022 were focused on: health, safety and environment, including a focus on "green hands" and the Corporation's Safety Leadership Development Program; human capital development; and advancing the Corporation's ESG priorities and initiatives. The 2022 CEO objectives and results are set out in the following table.

2022 Objectives	2022 Targets	2022 Results
<b>Health, Safety &amp; Environment</b>	Develop and execute on "Green Hands" and Safety Culture Development programs to proactively address the risk of increased incidents as industry activity levels ramp-up. Continued focus on safe and reliable operations in an ongoing COVID environment and associated mental health.	✓ Commissioned the design, development and implementation of Safety Leadership Development Program. Green Hands safety program renewed and rolled out in Q1 2022. Turnaround completed with zero lost time incidents and zero recordable spills. Redesigned and implemented a leading short service worker program. Continued mental health co-worker engagement/lunch and learn sessions and evaluated training courses for pilot in 2023.
<b>De-bottleneck and Optimize Existing Plant Capacity</b>	Increase emulsion and produced water capacity by five percent (5%).	✓ Emulsion and Produced Water 5.0% increase. Debottlenecking ongoing. Oil production increasing as high oil cut wells preferentially produced.
<b>Decarbonize</b>	Demonstrate progress on all decarbonization initiatives (SOR reductions, Erase pilot for possible GHG underground storage near Christina Lake (CL), CL Pre-Feed, cost estimate and capture schedule, technology selection, Pathways Initiative).	✓ Advanced all decarbonization initiatives, including 5% year-over-year reduction in GHG intensity, progressed pre-FEED on Christina Lake carbon capture project and progressing towards a pilot project (location selected, drilling of core hole scheduled for 2023, discussions with regulators and funding agencies). Progressed Pathways Alliance projects, including stand up of Pathways organization, advance discussions with federal and provincial governments, awarded evaluation agreement with respect to pore space in the Cold Lake area, and engagement with Indigenous communities impacted by the projects.
<b>Human Capital Development</b>	Continued focus on development of growth of our human capital. Role out succession and development program focused on the ongoing development of staff in key roles and associated skills gaps.	✓ Consistent improvement in succession management practices, including reporting metrics, increased talent review from executive to manager levels, formalized cadence and timeline for semi-annual succession plan updates to HCCC, created development action plans for executive successor candidates. Continued development of executive team, including addition of three new executives to replace retiring executives. Continued Indigenous awareness training rolled out. Executive team off-site team effectiveness workshops to enhance "One Team" culture.
<b>Enhance Ability to Refinance/Repay Debt / Return of Capital to Shareholders</b>	Communicate/role out and execute on return of capital program. Continued focus on all cost structures, optimization of term structures and maximization of free cash flow.	✓ Executing on plan. Debt repayment of US\$1.0 billion (\$1.3 billion) and returned \$382 million to shareholders through an inaugural normal course issue bid. Net debt declined to US\$1.0 billion (\$1.4 billion) at the end of the year.

2022 Objectives	2022 Targets	2022 Results
<b>External Influence</b>	Secure Federal and Provincial support for Pathways Initiative. Proactively anticipate and influence industry response to external events and influences to align with best interest of MEG.	✓ Federal ITC support secured waiting on Provincial support. Pore space awarded. Waiting on provincial support and ITC update to provide equivalency to the Inflation Reduction Act (IRA) incentives in the US.
<b>Inclusion &amp; Diversity</b>	Launch strategy to improve talent diversity. Advance I&D awareness across the organization. Continue to advance Indigenous awareness. Measure the impact and effectiveness of these two initiatives.	✓ 30% of new hires in 2022 were women. Manager, I&D recruited. Development of I&D awareness campaign started. Continued advancement of Indigenous awareness training. Excellent participation by entire company at National Indigenous Peoples Day and National Truth & Reconciliation Day. Recruited first female operators at site. Adopted new Diversity, Equity & Inclusion (DE&I) Policy and DE&I strategic plan. Worked with GNC to achieve previously disclosed Board diversity targets in 2022 well ahead of the 2025 target.

Mr. Evans' 2022 individual performance rating as adopted by the Board was 190% out of 200%, resulting in a bonus award of \$874,365, or 142% of the target STI award opportunity (i.e., 80% weighted to the corporate performance rating of 130% and 20% to individual performance rating of 190%). No discretionary adjustment was made to the CEO's annual STI award in 2022.

The 2023 CEO objectives, as approved by the Board in November 2022, are set out in the following table:

2023 Objectives	2023 Targets
<b>Health, Safety &amp; Environment</b>	Continue to roll out and build on safety leadership development. Design and implement a Leading Safety Indicators program. Put in place a Barrier Health Assurance process to measure safety leadership/cultural performance. Operationalize updated Emergency Response Plan.
<b>Optimization</b>	2023 safe and efficient turnaround execution. Improve unplanned downtime (<2.5%). Increase produced water capacity to 47,500 m3/d.
<b>Decarbonize</b>	Demonstrate progress on all decarbonization initiatives (SOR reductions, Erase pilot, CL Feed Cost estimate and capture schedule, technology selection, Pathways).
<b>Talent Development</b>	Accelerate skill development and application through targeted learning and development programs and opportunities to ensure talent is equipped for current and future business needs.
<b>Return of capital plan and appropriate long-term debt level</b>	Develop, communicate and prepare to implement a long-term return of capital strategy which is to include long-term debt level. Increase institutional & geographic share ownership.
<b>External Influence</b>	Secure Federal and Provincial support for Pathways Initiative. Proactively anticipate and influence industry response to external events and influences to align with best interest of MEG.

## Individual Performance of other NEOs

STI awards for the NEOs, excluding the CEO, are recommended by the CEO, reviewed by the HCCC and adjusted as appropriate and recommended to the Board for approval. The actual STI awards to each NEO are set out fully under the heading "Summary Compensation Table - NEOs". Individual ratings for NEOs, other than the CEO, averaged 161.25% out of 200%, which, weighted with a corporate performance factor of 130%, resulted in annual performance bonus awards of 130% to 142% of base salary. No discretionary adjustments were made to the annual STI award for any NEO in 2022.

## Measuring 2022 Performance for Long-Term Incentive Compensation

PSUs issued to executives prior to 2022 cliff vest on the third anniversary of the grant date and settle only on achievement of specified levels of performance as measured against one-year performance measures set in each of the three years during the term of the PSUs. PSUs issued to executives in 2022 and subsequent years cliff vest on the third anniversary of the grant date and settle on achievement of specified levels of performance as measured against a combination of one-year performance measures set in each of the three years during the term of the PSUs and three-year performance measures set at the beginning of the three-year term of the PSUs. Details of the performance measures and performance periods are outlined in the table below:

Year	Measure	Performance Periods	Weighting	Vesting Period
2020	Set annually by the Board <sup>(1)</sup>	January 1, 2020 to December 31, 2020	33.33%	3 years
		January 1, 2021 to December 31, 2021	33.33%	
		January 1, 2022 to December 31, 2022	33.33%	
2021	Set annually by the Board <sup>(1)</sup>	January 1, 2021 to December 31, 2021	33.33%	3 years
		January 1, 2022 to December 31, 2022	33.33%	
		January 1, 2023 to December 31, 2023	33.33%	
2022	Set annually by the Board	January 1, 2022 to December 31, 2022	13.33%	3 years
		January 1, 2023 to December 31, 2023	13.33%	
		January 1, 2024 to December 31, 2024	13.33%	
	3-year Relative TSR	January 1, 2022 to December 31, 2024	60%	

**Note:**

(1) PSU performance measures applicable to each performance period in the 2020 and 2021 PSU grants include 1-year Relative TSR with a 60% weighting. See table below.

For each measure, the Board approves a threshold, target and maximum level of performance that results in a multiplier of zero to two times the number of PSUs granted becoming eligible to vest after the end of each performance period. PSUs that do not become eligible to vest at the end of an annual performance period will not ultimately vest or become eligible to vest in subsequent periods in the three-year vesting period of the PSU and are cancelled. Similarly, PSUs with a three-year performance period that do not become eligible to vest at the end of the three-year performance period will not vest and are cancelled.

The table below provides detailed information with respect to annual PSU performance measures set by the Board and the calculations for each of the 2020, 2021 and 2022 performance years:

Year	Measure	Weighting	Threshold	Target	Maximum	Actual	Evaluation Timing	Unweighted Multiplier	Weighted Multiplier
2020	1-year Relative TSR	60%	P25	P50	P75	P61	Q1 2021	1.44	0.86
	Debt Repayment	20%	\$nil	\$130M	\$500M	\$132M	Q1 2021	1.02	0.20
	NEOC <sup>(1)</sup> (\$/bbl)	20%	\$4.80	\$4.60	\$4.40	\$4.38	Q1 2021	2.00	0.40
2020 PSU Multiplier:									1.46
2021	1-year Relative TSR	60%	P25	P50	P75	P59	Q1 2022	1.36	0.82
	Production	20%	83,800	86,800	89,900	93,700	Q1 2022	2.00	0.40
	NEOC <sup>(1)</sup> (\$/bbl)	20%	\$5.11	\$4.89	\$4.68	\$4.26	Q1 2022	2.00	0.40
2021 PSU Multiplier:									1.62
2022	1-year Relative TSR <sup>(2)</sup>	60%	P25	P50	P75	P36	Q1 2023	0.44	0.26
	Capital Efficiency <sup>(2)</sup>	40%	\$6.55	\$6.19	\$5.85	\$6.18	Q1 2023	1.00	0.40
2022 PSU Multiplier <sup>(3)</sup> :									0.66

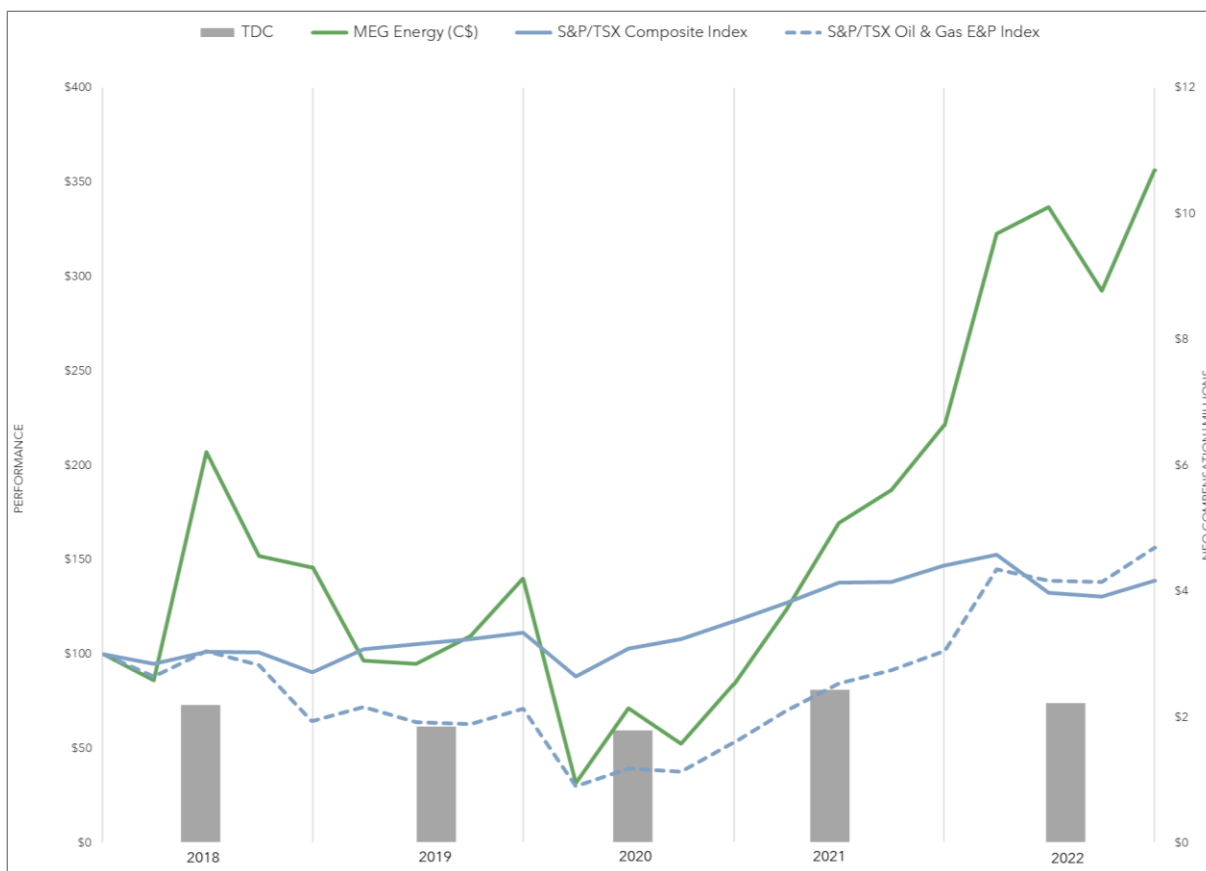
**Notes:**

- (1) Non-energy Operating Costs (NEOC) is a supplementary financial measure. See "Advisories - Non-GAAP Financial Measures and Other Financial Measures" for further details.
- (2) The 1-year Relative TSR measure in the 2022 performance period only applies to the 2020 and 2021 PSU grants. For the purposes of the 2022 PSU grant, the annual PSU performance measures for the 2022 performance period only includes Capital Efficiency.
- (3) The 2022 PSU Multiplier only applies to the 2020 and 2021 PSU grants. The PSU multiplier applicable to the 2022 PSU grant will be a combination of 3-year Relative TSR and 1-year PSU performance measures set by the Board annually.

The Board approved the 2022 PSU multiplier of 0.66 on the advice of the HCCC. The 2020 and 2021 PSU multipliers were approved in prior years by the Board on the advice of the HCCC.

## Performance Graph

The following graph compares the cumulative TSR for the Corporation on the TSX, of \$100.00 invested in Shares over the five-year period beginning January 1, 2018, and ending December 31, 2022, with \$100.00 also invested in each of the TSX Oil and Gas E&P Index ("Energy Index") and the S&P/TSX Composite Index ("Composite Index") over the same period. The graph also shows average TDC for the NEOs for each of the last five years. TDC is the amount shown in the "Total Compensation" column of the "Summary Compensation Table", excluding the amounts shown in the "All Other Compensation" column.



	MEG (TSX) (\$)	TSX Oil & Gas E&P Index (\$)	S&P/TSX Composite Index (\$)
January 2, 2018	100.00	100.00	100.00
December 31, 2018	145.75	64.70	90.55
December 31, 2019	139.70	71.13	111.27
December 31, 2020	84.12	53.15	117.50
December 31, 2021	221.17	101.56	146.98
December 31, 2022	356.33	156.44	138.39
Five-Year Return	256.33%	56.44%	38.39%
Compounded Annual Return	28.94%	9.36%	6.71%

The cumulative TSR for the Corporation significantly outperformed the Energy Index and Composite Index as set out in the graph above. Over the same five-year period, the trend of NEO compensation has remained relatively flat, reflecting the Board's decision to freeze base salaries of the Corporation's executives in three years (2019, 2020 and 2021) of the five-year period, other than salary increases associated with an increase in responsibilities.

A significant proportion of the NEOs' compensation consists of variable or "at risk" compensation and is designed to enhance the alignment of executive compensation and the long-term Shareholder experience. See "Total Direct Compensation - Pay Opportunity vs. Realizable/Realized Pay".



## Compensation of Named Executive Officers

The President and CEO, the CFO, and each of the three most highly compensated executive officers during 2022 (other than the CEO and the CFO), and any additional individual for whom disclosure would have been provided except that the individual was not serving as an executive officer at the end of the Corporation's most recently completed financial year-end, are collectively referred to as the NEOs. The NEOs for the year ended December 31, 2022, are as follows:

Name	Position
Derek W. Evans	President and Chief Executive Officer ("CEO")
Ryan M. Kubik	Current Chief Financial Officer ("CFO")
Eric L. Toews	Former Chief Financial Officer ("Former CFO")
Darlene M. Gates	Chief Operating Officer ("COO")
Chi-Tak Yee	Former Chief Technology Officer ("Former CTO")
Lyle S. Yuzdepski	Senior Vice President, Legal & General Counsel and Corporate Secretary ("SVP, Legal")
Thomas R. Gear	Vice President, Operations ("VP Operations")

### Summary Compensation Table - NEOs

The following table sets out the compensation paid by the Corporation to the NEOs during the years ended December 31, 2020, December 31, 2021, and December 31, 2022.

Total NEO compensation for 2022 of \$15.2 million, as a percentage of 2022 revenue of \$6.1 billion, based on the Corporation's audited annual financial statements, is 0.25%.

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation <sup>(3)(10)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans		
Derek W. Evans President & CEO	2022	615,750	3,105,017	-	874,365	-	95,261	4,690,393
	2021	600,000	2,700,009	-	1,008,000	-	94,966	4,402,975
	2020	525,000	2,160,002	-	792,000	-	84,371	3,561,373
Ryan M. Kubik <sup>(4)(11)</sup> CFO	2022	210,000	1,260,003	-	327,600	-	186,701	1,984,304
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Eric L. Toews <sup>(5)</sup> Former CFO	2022	286,980	545,041	-	250,000	-	48,693	1,130,714
	2021	421,252	1,263,760	-	420,199	-	72,425	2,177,636
	2020	389,658	1,011,007	-	341,214	-	68,634	1,810,513
Darlene M. Gates <sup>(6)</sup> COO	2022	438,750	1,335,000	-	375,131	-	173,773	2,322,662
	2021	133,636	1,610,000	-	418,950	-	322,208	2,484,794
	2020	-	-	-	-	-	-	-
Chi-Tak Yee <sup>(7)</sup> Former CTO	2022	324,036	654,038	-	238,167	-	1,086,408	2,302,649
	2021	424,145	1,272,445	-	423,085	-	69,575	2,189,250
	2020	392,334	1,017,950	-	343,558	-	67,303	1,821,145
Lyle S. Yuzdepski <sup>(8)</sup> SVP, Legal	2022	342,500	787,512	-	287,700	-	60,628	1,478,340
	2021	320,000	800,001	-	314,400	-	57,928	1,492,329
	2020	288,732	512,003	-	235,568	-	53,356	1,089,659
Tom Gear <sup>(9)(11)</sup> VP, Operations	2022	152,272	780,040	-	202,320	-	176,816	1,311,903
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-

#### Notes:

- (1) As a result of the COVID-19 pandemic and the associated collapse in world oil demand and oil prices, effective June 1, 2020, the Board implemented salary rollbacks across the organization: 25% for the CEO, 15% for the CFO and COO, 12% for other executives and 7.5% for all other employees. These rollbacks were lifted by the Board effective December 1, 2020. Accordingly, the 2020 salaries reflect six months of unreduced salaries and six months of reduced salaries. Base salaries for incumbent executives at April 1, 2022 were increased by an average of 5% reflecting benchmarking results for the Compensation Peer Group.

- (2) All Share-based awards were granted pursuant to the RSU Plans in the form of RSUs or PSUs. The fair values of the Share-based awards shown were calculated by multiplying the total number of units granted to each NEO on the grant date by the volume weighted average price of the Shares for the five trading days prior to the grant date. For the purposes of the above table, PSUs were valued at an assumed performance factor of 1.0. The target values of the 2020 LTI awards granted to the NEOs on April 1, 2020, were reduced by 20% in view of the impacts of the COVID-19 pandemic.
- (3) The aggregate value of perquisites received by NEOs includes parking allowances, perquisite allowances, medical benefits, vacation pay, and savings plan contributions made by the Corporation on behalf of the NEOs. Savings plan contributions are available to all employees under the same terms as those provided to NEOs. Savings plan contributions for NEOs amounted to 12% of salary. The 2022 savings plan benefit values were as follows: Mr. Evans \$73,890, Mr. Kubik \$25,200, Mr. Toews \$34,438, Ms. Gates \$52,650, Mr. Yee \$38,884, Mr. Yuzdepski \$41,100 and Mr. Gear \$17,600. In addition: in 2021, Ms. Gates received a one-time signing bonus consisting of two payments: (i) \$300,000 payable in the calendar month of September 2021, and (ii) \$100,000 payable in the calendar month of September 2022, which bonus is subject to clawback in the event that Ms. Gates resigns (other than for critical illness or long-term disability) or is terminated for cause within the first twenty-four months of employment; in 2022, Mr. Kubik received a one-time signing bonus of \$150,000, which bonus is subject to repayment in the event that Mr. Kubik resigns or is terminated for cause within the first twenty-four months of employment; and, also in 2022, Mr. Gear received a one-time signing bonus consisting of three payments: (i) \$150,000 payable in the calendar month of July 2022, (ii) \$150,000 payable in the calendar month of July 2023, and (iii) \$150,000 payable in the calendar month of July 2024, each of which amounts is subject to repayment in the event that Mr. Gear resigns or is terminated for cause within the first twenty-four months of employment. Mr. Yee received a lump sum retirement allowance of \$1 million in 2022 pursuant to the terms of his existing employment agreement.
- (4) Mr. Kubik joined MEG in July 2022 and was appointed as the Corporation's CFO on August 1, 2022, and, accordingly, his 2022 compensation represents payment for approximately six months of the year.
- (5) Mr. Toews resigned as the Corporation's CFO on August 1, 2022 and retired effective August 31, 2022 and, accordingly, his 2022 compensation represents payment for approximately eight months of the year and 7/12ths of his 2022 share-based grant was cancelled in accordance with the Corporation's Retirement Policy.
- (6) Ms. Gates was appointed as the Corporation's COO on September 7, 2021 and, accordingly, her 2021 compensation represents payment for approximately four months of the year. Ms. Gates' share-based awards for 2021 include a one-time award of RSUs with a fair value on the grant date of \$350,000 as a signing bonus.
- (7) Mr. Yee retired effective September 30, 2022, and accordingly, his 2022 compensation represents payment for nine months of the year and 6/12ths of his 2022 share-based award grant was cancelled in accordance with the Corporation's Retirement Policy.
- (8) Mr. Yuzdepski was appointed as the Corporation's SVP, Legal & General Counsel on January 15, 2020 and, accordingly, his 2020 compensation represents payment for approximately 11.5 months of the year.
- (9) Mr. Gear joined MEG in July 2022, and, accordingly, his 2022 compensation represents payment for approximately six months of the year. Mr. Gear's share-based awards for 2022 include a one-time award of RSUs with a fair value on the grant date of \$300,000 as a signing bonus.
- (10) The Corporation does not currently provide for, or contribute to, either a defined benefit plan or defined contribution plan on behalf of its NEOs.
- (11) Recruitment of these experienced executives in a highly competitive marketplace required one-time compensation uplifts to partially replace lost benefits associated with leaving prior employers.

## Total Direct Compensation – Pay Opportunity vs. Realizable/Realized Pay

NEO compensation is weighted towards variable or "at risk" compensation (STI and LTI compensation), where actual amounts earned may differ from granted amounts based on Corporation and individual performance. The HCCC believes that a program weighted towards compensation that is variable with performance, including performance of the Shares, ensures that NEO interests are aligned with Shareholder interests. Furthermore, because LTI awards are subject to time-based vesting and performance-based in the case of PSUs, the compensation an NEO realizes in connection with LTI awards is spread over three years, which the HCCC also believes assists in aligning NEO interests with the long-term interests of Shareholders.

While the amounts shown in the "Summary Compensation Table – NEOs" above reflect the grant-date value of the LTI awards received by an NEO, they do not reflect the future impact of Share price performance on compensation. The compensation actually realizable, or realized, by the individual may be considerably more or less based on actual Share price performance (both absolute performance and performance relative to the Corporation's Performance Peer Group reflecting the mix of LTI awards) and corporate performance measures in respect of PSUs over the three-year vesting period applicable to each annual grant.

### Comparing TDC Opportunity to TDC Realizable/Realized Value

The charts below show the difference between the grant-day pay opportunity of TDC, targeted as a cash value at the grant date (base salary, STI and LTI), and the combined Realized Pay and Realizable Pay (of which the RSU, PSU and Option components vary with the price of Shares and also corporate performance measures in respect of PSUs) for (i) the Corporation's CEO for each calendar year since the date of his appointment and (ii) the Corporation's NEOs (other than the CEO) for the period 2018 to 2022. The differences in TDC and the combined Realized Pay and Realizable Pay primarily reflect the volatility in the price of Shares as it impacts LTI values.

**"Total Direct Compensation" or "TDC"** means the amount shown in the "Total Compensation" column of the "Summary Compensation Table", excluding the amounts shown in the "All Other Compensation" column.

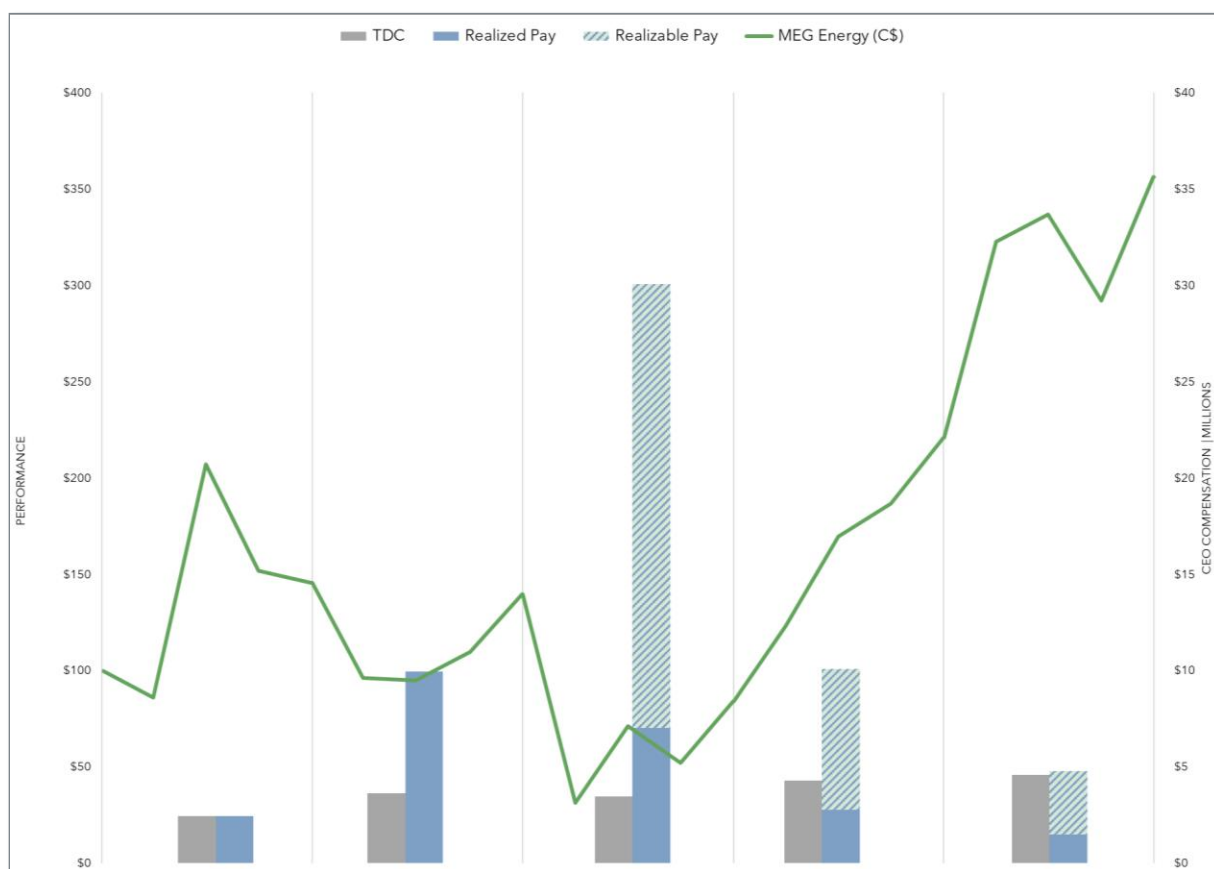
**"Realized Pay"** means the sum of (1) base salary, (2) actual annual STI received by the CEO or NEOs, as applicable, and (3) the amount of vested RSUs, PSUs and DSUs valued on the day of vesting plus the gain on exercise of Options had they been exercised on the day of vest (calculated using the one-day volume weighted average price of the Shares on the TSX on the vest date). Options are valued on the date of vest to illustrate the change in value over the applicable vesting period and to remove the impact of individual exercise decisions.

**"Realizable Pay"** means the sum of unvested RSUs, unvested PSUs and unvested in-the-money Options granted during the measurement period, in each case calculated using the price of the Shares at December 31, 2022. Realizable pay assumes that LTI awards vest 100% upon grant and, in the case of PSUs, at a performance factor of 1.0 or at the relevant performance factor (between 0 and 2.0) for those years within the three-year vesting period applicable to PSUs where the performance factor has been determined.

**"Applicable MEG TSR"** means, with respect to the compensation received by the CEO or the NEOs, as applicable, for a given calendar year, the cumulative total shareholder return for the Corporation on the TSX over the period commencing on the grant date of the LTI award received by the CEO or NEOs in such year and ending on the earlier of: (a) the final vest date applicable to such LTI award (generally three years from the date of grant), and (b) December 31, 2022 where such LTI award has not yet fully vested.

### CEO

The following chart illustrates the significance of variable or "at risk" compensation and the direct correlation between the gain or loss in the CEO's Realizable Pay and Realized Pay in each calendar year relative to the Applicable MEG TSR over the three-year vesting period applicable to the LTI award (or the portion of such three-year period where such LTI award has not yet fully vested) received by the current CEO in such calendar year (Mr. Evans was appointed in 2018):



	2018	2019	2020	2021	2022
Applicable MEG TSR	n/a	248%	1096%	184%	10%
Change in Realized/Realizable vs. TDC	n/a	175%	765%	134%	4%

**Notes:**

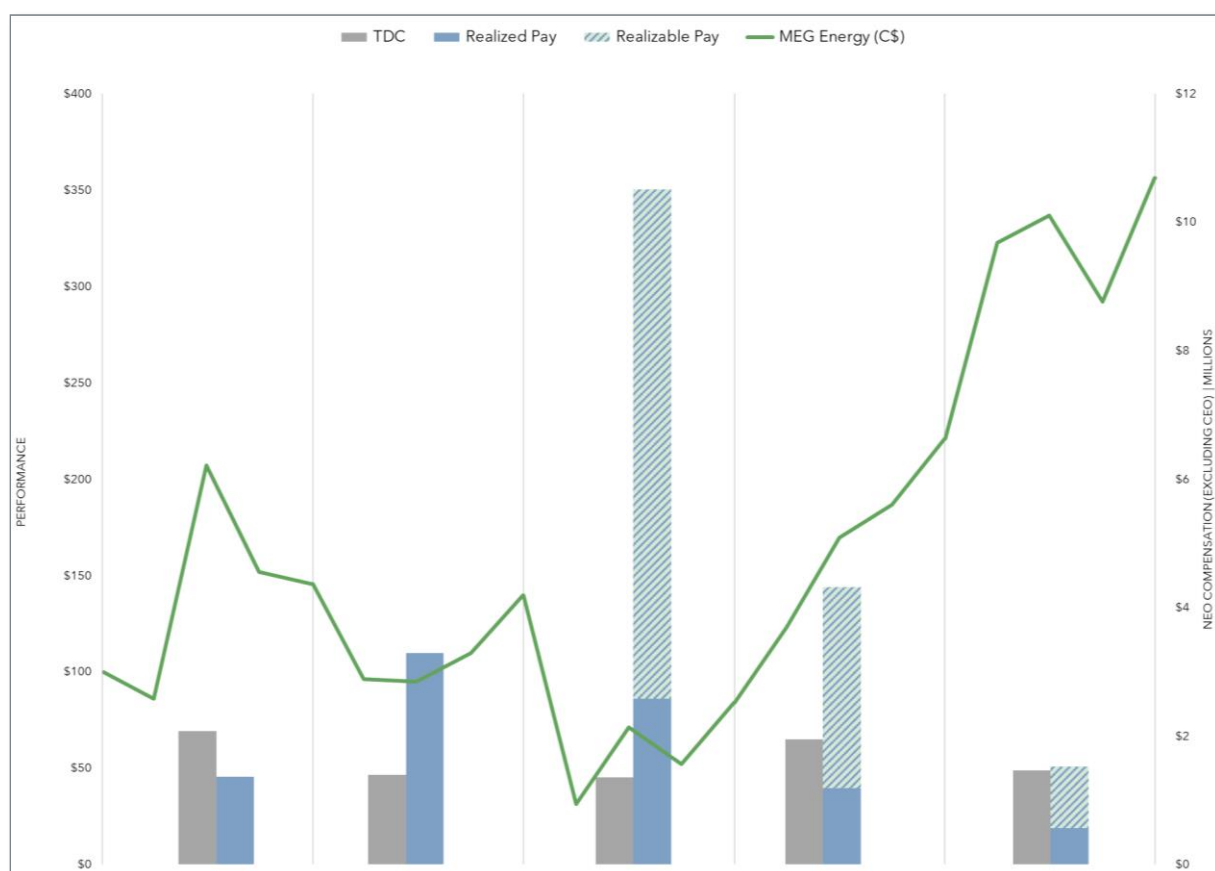
- (1) Mr. Evans was appointed as CEO on August 10, 2018; therefore, his 2018 compensation represents payment for approximately 5.5 months of the year.
- (2) In response to the COVID-19 pandemic and reduction in global oil prices, and the impact on the Corporation's Share price, the Corporation reduced 2020 LTI awards by twenty percent (20%), eliminated the use of stock options in the 2020 LTI mix and reduced employee salaries as follows: twenty-five percent (25%) for CEO, fifteen percent (15%) for CFO and COO, twelve percent (12%) for all other executives, and seven and a half percent (7.5%) for all other employees.
- (3) Applicable MEG TSR has been calculated for each LTI calendar year as follows:

Compensation Year	Grant Date <sup>(i)</sup>	Grant Date Share Price <sup>(ii)</sup>	Period End Date <sup>(iii)</sup>	Period End Share Price <sup>(ii)</sup>	Applicable MEG TSR	Relative TSR (Percentile) <sup>(iv)</sup>
2018	May 17, 2019	\$5.22	May 17, 2019	n/a	n/a	P100
2019	June 14, 2019	\$4.91	April 1, 2022	\$17.08	248%	P96
2020	April 1, 2020	\$1.57	December 31, 2022	\$18.77	1096%	P61
2021	April 1, 2021	\$6.62	December 31, 2022	\$18.77	184%	P59
2022	April 1, 2022	\$17.08	December 31, 2022	\$18.77	10%	P37

- (i) Grant Date is the date on which the CEO received his annual LTI award in the applicable calendar year, except with respect to 2018, in which the LTI award was delayed to May 17, 2019, due to the extended blackout period associated with the unsuccessful offer by Husky Energy to acquire all of the issued and outstanding Shares (the "Husky Bid").
- (ii) The volume weighted average price of the Shares on the Grant Date or Period End Date, as applicable.
- (iii) Period End Date for LTI is the earlier of (i) the date on which the LTI award for a calendar year vests (generally three years from the date of grant), and (ii) December 31 where such LTI award has not yet vested.
- (iv) Relative TSR percentile is based on calendar years. For the 2018 and 2019 calendars years, it excludes the impact of the Husky Bid.

**NEOs (excluding CEO)**

The following chart illustrates the significance of variable or "at risk" compensation and the direct correlation between the gain or loss in the average compensation of the Corporation's NEOs (excluding CEO) relative to the Applicable TSR over the three-year vesting period applicable to the LTI awards (or the portion of such three-year period where such LTI awards have not yet fully vested) received by the NEOs on average in such calendar year:



	2018	2019	2020	2021	2022
Applicable MEG TSR	(32)%	248%	1096%	184%	10%
Change in Realized/Realizable vs. TDC	(34)%	135%	672%	121%	4%

**Notes:**

- (1) In response to the COVID-19 pandemic and reduction in global oil prices, and the impact on the Corporation's Share price, the Corporation reduced 2020 LTI awards by twenty percent (20%), eliminated the use of stock options in the 2020 LTI mix and reduced employee salaries as follows: twenty-five percent (25%) for CEO, fifteen percent (15%) for CFO and COO, twelve percent (12%) for all other executives, and seven and a half percent (7.5%) for all other employees.
- (2) Applicable MEG TSR has been calculated for each period as follows:

Compensation Year	Grant Date <sup>(i)</sup>	Grant Date Share Price <sup>(ii)</sup>	Period End Date <sup>(iii)</sup>	Period End Share Price <sup>(ii)</sup>	Applicable MEG TSR	Relative TSR (Percentile) <sup>(iv)</sup>
2018	June 14, 2018	\$9.72	April 1, 2021	\$6.62	(32)%	P100
2019	June 14, 2019	\$4.91	April 1, 2022	\$17.08	248%	P96
2020	April 1, 2020	\$1.57	December 31, 2022	\$18.77	1096%	P61
2021	April 1, 2021	\$6.62	December 31, 2022	\$18.77	184%	P59
2022	April 1, 2022	\$17.08	December 31, 2022	\$18.77	10%	P37

- (i) Grant Date is the date on which NEOs received annual LTI awards in the applicable calendar year.
- (ii) The volume weighted average price of the Shares on the Grant Date or Period End Date, as applicable.
- (iii) Period End Date is the earlier of (i) the date on which the LTI award for a calendar year vests (generally three years from the date of grant), and (ii) December 31 where such LTI award has not yet vested.
- (iv) Relative TSR percentile is based on calendar years. For the 2018 and 2019 calendars years, it excludes the impact of the Husky Bid.

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

The following table sets forth information regarding all Options, RSUs and DSUs held by each NEO as of December 31, 2022.

	Option-Based Awards				Share-Based Awards		
	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested <sup>(2)</sup> (#)	Market or Payout Value of Share-based Awards that have not Vested <sup>(3)</sup> (\$)	Market or Payout Value of Vested Share-based Awards not Paid out or Distributed <sup>(3)(4)</sup> (\$)
Derek W. Evans President & CEO	153,100	4.57	June 14, 2026	2,186,268	RSUs: 450,190 PSUs: 1,341,496	RSUs: 8,486,082 PSUs: 25,287,200	DSUs: 6,214,298
<b>Total</b>	<b>153,100</b>	<b>-</b>	<b>-</b>	<b>2,186,268</b>	<b>1,791,686</b>	<b>33,773,282</b>	<b>6,214,298</b>
Ryan M. Kubik CFO	-	-	-	-	RSUs: 27,526 PSUs: 41,289	RSUs: 518,865 PSUs: 778,298	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,815</b>	<b>1,297,163</b>	<b>-</b>
Eric L. Toews Former CFO	-	-	-	-	RSUs: 190,142 PSUs: 597,038	RSUs: 3,584,177 PSUs: 11,254,166	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>787,180</b>	<b>14,838,343</b>	<b>-</b>
Darlene M. Gates COO	-	-	-	-	RSUs: 124,486 PSUs: 138,405	RSUs: 2,346,561 PSUs: 2,608,934	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262,891</b>	<b>4,955,495</b>	<b>-</b>
Chi-Tak Yee Former CTO	68,000	8.24	August 27, 2025	721,480	RSUs: 193,833 PSUs: 604,714	RSUs: 3,653,752 PSUs: 11,398,859	-
<b>Total</b>	<b>68,000</b>	<b>-</b>	<b>-</b>	<b>721,480</b>	<b>798,547</b>	<b>15,052,611</b>	<b>-</b>
Lyle S. Yuzdepski SVP, Legal	-	-	-	-	RSUs: 116,071 PSUs: 334,563	RSUs: 2,187,938 PSUs: 6,306,513	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450,634</b>	<b>8,494,451</b>	<b>-</b>
Tom Gear VP Operations	-	-	-	-	RSUs: 29,445 PSUs: 17,236	RSUs: 555,038 PSUs: 324,899	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,681</b>	<b>879,937</b>	<b>-</b>

**Notes:**

- (1) "Value of Unexercised in-the-money Options" is calculated using the December 31, 2022 closing price of the Shares on the TSX (\$18.85).
- (2) Includes RSUs and PSUs granted under the RSU Plans. PSUs that are not yet eligible to vest are valued at an assumed performance factor of 1.0. PSUs that have become eligible to vest are valued at the relevant approved performance factor.
- (3) "Market or Payout Value" is calculated by multiplying the total number of RSUs, PSUs and DSUs held by each NEO by the December 31, 2022 closing price of the Shares on the TSX (\$18.85).
- (4) Mr. Evans was granted 329,671 DSUs on May 17, 2019 under the DSU Plan in satisfaction of his 2018 LTI Target.

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

The following table sets forth information in respect of the value of Options and Share-based awards held by the NEOs of the Corporation that vested during the year ended December 31, 2022, and non-equity incentive plan compensation earned by such NEOs during the year ended December 31, 2022.

	Value Vested During Year		
	Option-Based Awards <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(3)</sup> (\$)
Derek W. Evans, President & CEO	638,435	12,525,337	874,365
Ryan M. Kubik, CFO <sup>(4)</sup>	-	-	327,600
Eric L. Toews, Former CFO	336,519	6,285,972	250,000
Darlene M. Gates, COO	-	437,482	375,131
Chi-Tak Yee, Former CTO	338,608	6,329,152	238,167
Lyle S. Yuzdepski, SVP, Legal	-	1,323,339	287,700
Tom Gear, VP Operations <sup>(5)</sup>	-	-	202,320

**Notes:**

- (1) Represents the value the NEO would have realized for Options that vested in 2022 if the Options had been exercised on the applicable vesting date, notwithstanding that such Options may not have actually been exercised by the NEO on the vesting date. The value vested during the year for Options has been calculated by determining the difference between the trading price of the Shares on the TSX (one day volume weighted average price) and the exercise price of the vested Options on the applicable vesting date.
- (2) The value of Share-Based Awards vested during the year is the payout value on the vesting date for the final 1/3 of the RSUs granted in 2019, the second 1/3 of RSUs granted in 2020, the first 1/3 of RSU granted in 2021 and all the PSUs granted in 2019 (calculated using the relevant performance factors).
- (3) Annual bonuses (STI) for 2022, which were paid in 2023, other than for Mr. Toews who was paid a prorated annual bonus in 2022.
- (4) Mr. Kubik was appointed as the Corporation's CFO on August 1, 2022, and, accordingly, did not have any LTI vest during the year.
- (5) Mr. Gear was appointed as the Corporation's VP Operations on July 4, 2022, and, accordingly, did not have any LTI vest during the year.

## Options Exercised During the Year

The following table sets forth information in respect of the value of Options exercised by the NEOs of the Corporation during the year ended December 31, 2022. The gain on exercise is the difference between the exercise price of the Option and the share price at the time of exercise multiplied by the number of Options exercised.

	Options Exercised (#)	Gain on Exercise (\$)
Derek W. Evans, President & CEO	-	-
Ryan M. Kubik, CFO	-	-
Eric L. Toews, Former CFO	553,282	5,687,643
Darlene M. Gates, COO	-	-
Chi-Tak Yee, Former CTO	374,982	4,310,193
Lyle S. Yuzdepski, SVP, Legal	-	-
Tom Gear, VP Operations	-	-

## Executive Share Ownership Guidelines

The Corporation's executive share ownership guidelines provide that each executive is to own and maintain Shares, DSUs and unvested RSUs equal in value to the following amount:

Participant	Ownership Level
CEO	5x base salary
CFO, COO and SVPs	3x base salary
VPs	2x base salary

The executives are required to achieve the required ownership level within a five-year period, commencing the first year the executive is appointed, or 2018 for the current CEO and 2019 for executives who were in their current positions at such time, with a minimum of one-fifth of the ownership requirement being attained by the end of each of the five years. Compliance will be determined based on a valuation at the end of each calendar year.

If an executive's share ownership requirement is increased as a multiple of the executive's salary or due to the executive being promoted, the executive's initial obligation to acquire the stipulated amount within five years of their initial appointment continues, but the executive will have an additional three-year period from the date of transfer or promotion, to meet the additional share ownership requirement.



Each executive must (a) retain in Shares the after-tax proceeds, net of the exercise price, received on the exercise of Options, (b) retain in Shares the after-tax proceeds received on the settlement of treasury-settled RSUs and PSUs, (c) use the after-tax proceeds received on the settlement of cash-settled RSUs and PSUs to purchase Shares on the market, and (d) retain all Shares owned by the executive until the target ownership level (or the applicable level for an executive who was appointed for less than five years) is met. Provided the target ownership level is maintained, the executive may sell Shares or retain cash from any cash-settled LTI awards.

The value of Shares, DSUs and RSUs in each executive's qualifying holdings is determined as follows: (a) the value of Shares is equal to the greater of the actual purchase price and the closing price of Shares on the TSX on the date of valuation, (b) the value of DSUs is equal to the greater of the value of the DSUs at the date of issue and the closing price of Shares on the date of valuation, and (c) the value of unvested RSUs is equal to the greater of the value of the RSUs at the date of issue and the closing price of Shares on the TSX on the date of valuation. No value is ascribed to Options and PSUs in defining qualifying holdings.

If an executive does not meet the share ownership guidelines by the required date or does not continue to meet the guidelines following the required date, the GNC will review the reasons why this has occurred. The GNC will then recommend to the Board a course of action. The Board in its discretion will determine the action to be taken, if any. Some of the factors to be considered by the GNC in its review include: market condition; whether, as a result of the unique financial circumstances of the individual, compliance would result in an unacceptable hardship; and any other relevant reason for why the guidelines have not been met.

The following table sets forth the share ownership guidelines and the value of the beneficial shareholdings of the NEOs as at December 31, 2022, unless otherwise noted.

	Share Ownership Guideline	As at December 31, 2022 Total Value of Equity Investment <sup>(1)</sup> (\$)	Current Ownership (Multiple of Base Salary)	Complies with Guidelines
Derek W. Evans, President & CEO	5x base salary	27,443,118	44.2x	Yes
Ryan Kubik, Chief Financial Officer	3x base salary	518,865	1.2x	On track
Eric L. Toews, Former CFO <sup>(2)</sup>	-	-	-	-
Darlene M. Gates, Chief Operating Officer	3x base salary	2,590,838	5.8x	Yes
Chi-Tak Yee, Former CTO <sup>(3)</sup>	-	-	-	-
Lyle S. Yuzdepski, SVP, Legal	3x base salary	3,469,694	9.9x	Yes
Tom Gear, VP Operations	2x base salary	555,038	1.7x	On track

**Notes:**

(1) "Total Value of Equity Investment" is calculated using the December 31, 2022 closing price of the Shares on the TSX (\$18.85).

(2) Mr. Toews retired from the Corporation effective August 31, 2022.

(3) Mr. Yee retired from the Corporation effective September 30, 2022.

## Long-Term Equity Incentive Plans

### Stock Option Plan

The Corporation has an Option Plan which authorizes the Board to grant Options to officers and employees of, and consultants to, the Corporation and any of its subsidiaries. The Option Plan also governs Options granted to directors of the Corporation or any of its subsidiaries prior to June 2, 2016 (such officers, employees, consultants and such directors, only in respect of Options granted prior to June 2, 2016, each individually a "Service Provider" and collectively "Service Providers"). The purpose of the Option Plan is to provide an effective long-term incentive for the Service Providers from time to time.

The material terms of the Option Plan are summarized in "Appendix B - Summary of DSU Plan, Option Plan and RSU Plans" and a full copy of the plan text is attached as "Appendix C - Summary of Amended and Restated Shareholder Rights Plan".

#### *Number of Options Outstanding*

As of December 31, 2022, a total of 293,867 Options held under the Option Plan remained outstanding (representing approximately 0.10% of the outstanding Shares). During 2022, 5,841 Options expired unexercised, 191,700 Options were cancelled or forfeited and 2,003,202 Options were exercised. See "Securities Authorized for Issuance Under Security-Based Compensation Plans" below.

### Share-Based Plans

#### *DSU Plan*

The DSU Plan authorizes the Board to grant DSUs to directors (individually a "Participant" and collectively "Participants") of the Corporation or any of its affiliates (the "Corporate Group"). The purpose of the DSU Plan is to provide directors with the opportunity to be credited with DSUs thereby allowing them to participate in the long-term success of the Corporation and promoting a greater alignment of interests between the directors and Shareholders. In addition, the DSU Plan provides a compensation system for directors that, together with the other director compensation mechanisms of the Corporation, are reflective of the responsibility,

commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board.

The material terms of the DSU Plan are summarized in "*Appendix B – Summary of DSU Plan, Option Plan and RSU Plans*".

### *Number of DSUs Outstanding*

As of December 31, 2022, a total of 1,148,029 DSUs were outstanding under the DSU Plan. All outstanding DSUs were granted to independent directors, other than 329,671 DSUs issued to Mr. Evans in satisfaction of his 2018 LTI target. DSUs may only be redeemed for cash or Shares acquired on the open market. No Shares have been reserved for issuance pursuant to the DSU Plan given the cash-settled features of DSUs.

### *RSU Plans*

The Corporation has a treasury-settled RSU Plan as well as a Cash-Settled RSU plan. The RSU Plans are identical except that the Cash-Settled RSU Plan does not permit the settlement of awards through the issuance of Shares from treasury. The RSU Plans authorize the Board to grant RSUs to directors, officers and employees of, and consultants to, the Corporation and any of its subsidiaries (individually a "Participant" and collectively "Participants"). RSUs may also be granted under the RSU Plans as PSUs, to the extent performance conditions, other than time, are attached. The purpose of the RSU Plans is to provide Participants with the opportunity to acquire a proprietary interest in the growth and development of the Corporation that will be aligned with the interests of Shareholders, to enable the creation of incentives for Participants to meet certain performance criteria that are aligned with the long-term interests of Shareholders, to associate a portion of the Participant's compensation with the returns of Shareholders over the medium-term, and enhance the Corporation's ability to attract, retain and motivate key personnel and reward Participants for significant performance.

On March 1, 2023, the Corporation amended the Vesting Date (as defined in the RSU Plans) for all outstanding RSUs and PSUs from April 1 of the applicable year to March 15 of the same year, in order to align with the timing of approval of the Corporation's annual financial statements and the grant of new awards in 2023 and future years. The amendment was approved by the TSX.

The material terms of the RSU Plans are summarized in "*Appendix B – Summary of DSU Plan, Option Plan and RSU Plans*".

### *Number of Treasury-Settled RSUs Outstanding*

As of December 31, 2022, a total of 5,132,019 treasury-settled RSUs were outstanding under the treasury-settled RSU Plan (being equal to approximately 1.76% of the outstanding Shares). Of the 5,132,019 treasury-settled RSUs outstanding, 3,897,092 were granted as RSUs and 1,234,927 were granted as PSUs (including adjustments for the relevant performance factor for PSUs that have become eligible to vest). See "*Securities Authorized for Issuance Under Security-Based Compensation Plans*" below.

### *Number of Cash-Settled RSUs Outstanding*

As of December 31, 2022, a total of 4,412,177 cash-settled RSUs were outstanding under the Cash-Settled RSU Plan. Of the 4,412,177 cash-settled RSUs outstanding, 1,443,306 were granted as RSUs and 2,968,871 were granted as PSUs (including adjustments for the relevant performance factor for PSUs that have become eligible to vest).

In order to limit dilution to Shareholders, a significant portion of the 2019 and 2020 LTI grants was made under the Corporation's Cash-Settled RSU Plan as opposed to the treasury-settled RSU Plan. Further, to limit the cost of its cash-settled LTI should the price of Shares increase substantially from the price of Shares on the date of the 2019 and 2020 LTI grants, the Corporation entered into a total return swap to fix the exposure of the Corporation under its cash-settled LTI for 2019 and 2020 at a price near the grant date value.

## Options, RSUs, PSUs and DSUs Granted During the Year

### *Number of Options Granted During 2022*

No options have been granted since 2019.

### *Number of DSUs Granted During 2022*

In 2022, 66,690 DSUs were initially granted with 5,521 DSUs cancelled upon the retirement of Mr. Billing as a director of MEG, resulting in 61,169 DSUs ultimately granted. DSUs were granted during the year ended December 31, 2022. All of the DSUs granted in 2022 to Canadian directors will be redeemed pursuant to the terms of the DSU Plan on the earlier of (a) December 15 of the first calendar year starting after the date on which such participant ceases to be a director of the Corporation, and (b) the fifth business day following each of the redemption dates elected by such participant (a participant may elect up to two redemption dates under the DSU Plan). All of the DSUs granted in 2022 to the US director were redeemed in 2022, pursuant to the terms of the DSU Plan, on the date on which such US director ceased to be a director of the Corporation.

### *Number of Treasury-Settled RSUs Granted During 2022*

A total of 1,495,647 treasury-settled RSUs (representing approximately 0.51% of the Shares outstanding as of December 31, 2022) were issued during the year ended December 31, 2022. Of the 1,495,647 treasury-settled RSUs, 1,062,600 were granted as RSUs and 433,047 were granted as PSUs, and 148,950 RSUs were issued as adjustments for the relevant performance factor for previously granted PSUs that became eligible to vest. All of the RSUs granted in 2022 are scheduled to vest at a rate of one-third

on each of March 15, 2023, March 15, 2024, and March 15, 2025, and all of the PSUs granted in 2022 are scheduled to cliff vest on March 15, 2025 subject to the satisfaction of the applicable performance criteria.

### *Number of Cash-Settled RSUs Granted During 2022*

No RSUs or PSUs were granted under the Corporation's Cash-Settled RSU Plan during the year ended December 31, 2022. 601,112 cash-settled RSUs were issued as adjustments for the relevant performance factor for previously granted PSUs that became eligible to vest.

## Impact on Equity

The following tables describe the equity burn rate for each of 2020, 2021 and 2022 and the maximum potential share dilution for the Shares as at December 31, 2022.

### *Equity Burn Rate*

2020		Awards	WACSO <sup>(1)</sup>	Burn Rate
Option Plan		-	302,351,779	-
Treasury-Settled RSU Plan	RSUs	4,535,336		1.50%
	PSUs <sup>(2)</sup>	-		0.00%
Total (RSUs+PSUs)		4,535,336		1.50%
2021		Awards	WACSO <sup>(1)</sup>	Burn Rate
Option Plan		-	305,904,653	-
Treasury-Settled RSU Plan	RSUs	2,599,905		0.85%
	PSUs <sup>(2)</sup>	720,759		0.24%
Total (RSUs+PSUs)		3,320,664		1.09%
2022		Awards	WACSO <sup>(1)</sup>	Burn Rate
Option Plan		-	304,121,854	-
Treasury-Settled RSU Plan	RSUs	1,062,600		0.35%
	PSUs <sup>(2)</sup>	433,047		0.14%
Total (RSUs+PSUs)		1,495,647		0.49%

#### Notes:

(1) Weighted Average Common Shares Outstanding (WACSO) over the fiscal year.

(2) PSU awards are subject to a multiplier that ranges from 0-2x on vesting. See "Components of Executive Compensation" for more detail.

### *December 31, 2022, Maximum Potential Share Dilution*

	Plan Maximum <sup>(1)</sup>	CSO <sup>(2)</sup>	Outstanding Securities Awarded		Remaining Securities Available for Grant	
			Awards	% of CSO <sup>(3)</sup>	Awards <sup>(4)</sup>	% of CSO
Option Plan	5.0%	291,376,589	293,867	0.10%	9,142,943	3.14%
Treasury-Settled RSU Plan			5,132,019	1.76%		

#### Notes:

(1) The plan maximum is an aggregate maximum applicable to both plans and is defined for each plan as a percentage of Shares outstanding, less the Shares issuable pursuant to all other security-based compensation arrangements.

(2) Common Shares Outstanding (CSO) as at December 31, 2022.

(3) Awards expressed as a percentage of CSO.

(4) A maximum of 3.14% of CSO are available for issuance under all plans.

## Termination and Change of Control Benefits

### Change of Control Agreements

The Corporation has entered into change of control agreements and/or executive employment agreements (the "Change of Control Agreements") with its NEOs and other executives that provide for the payments set out below based upon a 2.0 multiplier for the CEO, CFO and COO and a 1.5 multiplier for other executives.

The Corporation's Change of Control Agreements require a 'double trigger' before payment of benefits is due, which means both a Change of Control and involuntary termination (including by way of constructive dismissal) must occur for any payment of benefits.

Pursuant to the Change of Control Agreements, the Corporation is obligated to pay compensation to an executive in the event of a Change of Control followed by termination of such executive's employment with the Corporation in the circumstances set out in the Change of Control Agreements and described below.

## Change of Control Payments and Benefits

The Change of Control Agreements provide that if a Change of Control occurs, and within 180 days immediately following a Change of Control an event or events occur that constitute Good Reason, the executive shall have the right, for a period of 60 days following the event or events that constitute Good Reason to elect to terminate their employment with the Corporation upon providing the Corporation with seven days advance written notice of the termination date.

"Good Reason" is any material adverse change by the Corporation, without the agreement of the applicable executive, in the annual base salary or in any of the executive's duties, powers, rights, discretions, title or lines of reporting, such that immediately after such change or series of changes, the responsibilities and status of the executive, taken as a whole, are not at least substantially equivalent to those assigned to the executive immediately prior to such change.

If:

- (a) the executive terminates their employment with the Corporation following an event or events that constitute Good Reason that occurs within 180 days immediately following a Change of Control; or
- (b) the Corporation terminates the executive's employment with the Corporation other than for just cause within 180 days immediately following a Change of Control;

the Corporation shall pay the executive, within 15 business days of the termination date, a retiring allowance (the "Retiring Allowance") which, depending on the position held, consists of:

1. the executive's annual base salary as at the termination date multiplied by applicable multiplier; plus
2. an amount equal to the average of the annual bonus payments paid to the executive in the two full calendar years immediately preceding the termination date, as applicable, multiplied by applicable multiplier; plus
3. an amount equal to fifteen (15%) percent of the executive's annual base salary as at the termination date multiplied by the applicable multiplier, to compensate the executive for the loss of benefits; plus
4. an amount equal to twelve (12%) percent of the executive's annual base salary as at the termination date, multiplied by the applicable multiplier, to compensate the executive for the loss of participation in the Corporation's savings plan; plus
5. an amount equal to the annual perquisite allowance of the executive as at the termination date, multiplied by the applicable multiplier, to compensate the executive for the loss of the annual perquisite allowance.

In exchange for payment of the Retiring Allowance, the executive is required to provide to the Corporation a full and final release, in a form satisfactory to the Corporation.

If the executive elects to terminate their employment with the Corporation within 60 days of an event or events that constitute Good Reason which in turn occurred within 180 days following the occurrence of a Change of Control, the executive shall, at the request of the Corporation, continue the executive's employment with the Corporation for a period of up to three months at the executive's then existing compensation package, including benefits, to assist the Corporation in an orderly transition. The amount paid to the executive in this regard will not reduce the Retiring Allowance to which the executive is entitled.

If the executive becomes entitled to payment of the Retiring Allowance, the applicable Change of Control Agreement will terminate immediately upon payment of the Retiring Allowance.

## Employment Agreements

The Corporation has entered into written employment agreements with certain NEOs and other executives that provide for the payment of an amount equal to the Retiring Allowance (as defined above) in the event of a Change of Control in the circumstances described above under the heading "*Change of Control Agreements*" and "*Change of Control Payments and Benefits*", and for the payment of an equivalent amount in the event that the executive is terminated without cause. For those NEOs and other executives who do not have written employment agreements with the Corporation, any specific payments to the NEO or executive whose employment is terminated would be determined at the time of termination in accordance with common law principles.

## Employee Retirement Policy

The Corporation has a policy in place that governs the treatment of LTI on retirement (the "Employee Retirement Policy") applicable to all retiring employees pursuant to which participants in the Option Plan and/or RSU Plans, upon achieving both: (a) fifty-five years of age, and (b) five years of continuous service to the Corporation, are eligible to receive extended vesting and exercise rights for Options and RSUs (including PSUs) they hold at the time of the particular employee's retirement. Under the Employee Retirement Policy, applicable vesting and exercise rights are extended until the earlier of: (a) three years following the employee's retirement, and (b) the expiry of the term of such Options or RSUs.

## LTI Change of Control Provisions

In the event of a Change of Control, and within one hundred and eighty (180) days of a Change of Control, a participant ceasing to be a participant as a result of involuntary termination, other than termination for cause, will result in the immediate vesting and payout of all RSUs. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of one or more performance year(s) that is(are) complete at the time a change

of control occurs, any multiplier(s) already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an average of the multipliers determined pursuant to (i) if applicable and (ii). Where a Change of Control has occurred but a participant's PSUs have not been made subject to such accelerated vesting and payout, such PSUs will continue to vest and payout in accordance with the terms of the relevant grant agreement, provided however that the foregoing multipliers will apply in such circumstances.

In the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, the RSU Plan is terminated by the Corporation, all RSUs will vest and be paid out effective as of the date of discontinuance of the applicable Plan. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of a performance year that is complete at the time a change of control occurs, any multiplier already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an average of the multipliers determined pursuant to (i) if applicable and (ii).

## Termination and Change of Control Benefits Table

The following table illustrates the estimated incremental payments, payables and benefits that would have been made to each of the NEOs pursuant to change of control agreements between the Corporation and each NEO, and pursuant to the RSU Plans as a result of the triggering events identified below, in each case assuming that such event occurred on December 31, 2022.

The table does not include the value of payments, payables and benefits already available to the NEO at December 31, 2022, such as Options, PSUs and RSUs that had already vested at such date. Except as described below and as described previously under "Long-Term Equity Incentive Plans," the Corporation has not entered into any other contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination of employment (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in an NEO's responsibilities.

Executive	Triggering Event	Payment (\$)	Long-Term Incentives <sup>(1)</sup> (\$)	Total (\$)
Derek W. Evans	Termination Without Cause <sup>(2)(3)</sup>	3,405,340	-	3,405,340
	Termination With Cause <sup>(4)(5)</sup>	-	6,214,298	6,214,298
	Change of Control	3,405,340	39,987,579	43,392,919
	Retirement/Resignation <sup>(6)</sup>	-	-	-
Mr. Kubik	Termination Without Cause <sup>(2)(3)</sup>	1,598,800	-	1,598,800
	Termination With Cause <sup>(4)</sup>	-	-	-
	Change of Control	1,598,800	1,297,163	2,895,963
	Retirement/Resignation <sup>(6)</sup>	-	-	-
Eric L. Toews <sup>(7)</sup>	Termination Without Cause	-	-	-
	Termination With Cause	-	-	-
	Change of Control	-	-	-
	Retirement/Resignation	-	-	-
Darlene M. Gates	Termination Without Cause <sup>(2)(3)</sup>	1,425,300	-	1,425,300
	Termination With Cause <sup>(4)</sup>	-	-	-
	Change of Control	1,425,300	4,955,495	6,380,795
	Retirement/Resignation <sup>(6)</sup>	-	-	-
Chi-Tak Yee <sup>(8)</sup>	Termination Without Cause	-	-	-
	Termination With Cause	-	-	-
	Change of Control	-	-	-
	Retirement/Resignation	-	-	-
Lyle S. Yuzdepski	Termination Without Cause <sup>(2)(3)</sup>	1,466,968	-	1,466,968
	Termination With Cause <sup>(4)</sup>	-	-	-
	Change of Control	1,466,968	8,494,451	9,961,419
	Retirement/Resignation <sup>(6)</sup>	-	-	-
Tom Gear	Termination Without Cause <sup>(2)(3)</sup>	1,128,800	-	1,128,800
	Termination With Cause <sup>(4)</sup>	-	-	-
	Change of Control	1,128,800	879,937	2,008,737
	Retirement/Resignation <sup>(6)</sup>	-	-	-

### Notes:

- (1) The value of long-term incentives is calculated by multiplying the number of Options that would vest on a Change of Control by the difference between the grant price and the closing price of the Shares on the TSX on December 31, 2022 of \$18.85, and adding the number of DSUs,

RSUs and PSUs (assuming a multiplier of 1.0 for performance years that are not yet complete) that would vest on a Change of Control multiplied by the December 31, 2022 closing price of the Shares on the TSX of \$18.85.

- (2) Represents termination of the employment of the NEO by the Corporation other than for cause.
- (3) The Corporation has written employment agreements with the CEO, CFO, COO, the Senior VP, Legal & General Counsel and the VP, Operations which provide for pre-determined payments if the executive is terminated by the Corporation other than for cause.
- (4) Represents termination of the employment of the NEO by the Corporation for cause.
- (5) The value of long-term incentives payable to the CEO in the event of termination for cause is calculated by multiplying the number of DSUs held by the CEO by the December 31, 2022 closing price of the Shares on the TSX of \$18.85.
- (6) Represents voluntary retirement or voluntary resignation of the NEO.
- (7) Mr. Toews retired from the Corporation effective August 31, 2022.
- (8) Mr. Yee retired from the Corporation effective September 30, 2022.

## Securities Authorized for Issuance under Security-Based Compensation Plans

The following table provides information with respect to the total number of Shares authorized for issuance upon the exercise of outstanding Options and vesting of outstanding treasury-settled RSUs as of December 31, 2022. As of December 31, 2022, there were 291,376,589 Shares issued and outstanding.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans Approved by Shareholders			
Option Plan	293,867	\$5.99	9,142,943 <sup>(2)(3)</sup>
Treasury-Settled RSU Plan <sup>(1)</sup>	5,132,019	n/a	
Equity Compensation Plans Not Approved by Shareholders			
None	-	n/a	n/a
Total	5,425,886	\$5.99	9,142,943 <sup>(4)</sup>

### Notes:

- (1) Includes RSUs and PSUs issued under the treasury-settled RSU Plan.
- (2) As of December 31, 2022, the number of Shares reserved for issuance pursuant to the exercise of options granted under the Option Plan is equal to 5% of the number of Shares then issued and outstanding, less the number of Shares issuable pursuant to all other security-based compensation plans (which includes the treasury-settled RSU Plan).
- (3) As of December 31, 2022, the number of Shares reserved for issuance pursuant to RSUs granted under the treasury-settled RSU Plan is equal to 5% of the number of Shares then issued and outstanding, less the number of Shares issuable pursuant to all other security-based compensation plans (which includes the Option Plan).
- (4) Based on 291,376,589 issued and outstanding Shares as at December 31, 2022.

# Corporate Governance Practices

## Introduction

The Corporation believes that sound corporate governance is essential to the financial performance and long-term interests of the Corporation and its Shareholders. The Corporation's corporate governance policies, practices and procedures are continually reviewed by the Board to ensure alignment with evolving best practices. The following describes the Corporation's corporate governance practices which the Corporation believes are fully compliant with all corporate governance requirements established under National Instrument 58-201 – *Corporate Governance Guidelines*, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Instrument 52-110 – *Audit Committees*.

## Governance Highlights



### Board Independence

- Separate Board Chair and CEO
- Majority of Board nominees (8 out of 9) are independent
- Board Chair is independent
- All Board committees are 100% independent
- Board meets without management present (in-camera) at every meeting



### Board Diversity

- Diversity, Equity and Inclusion Policy requiring that women represent at least 30% and a target of achieving at least 40% diverse persons by 2025, which goals were reached by the Corporation in 2022.
- Indigenous Peoples Policy



### Board Governance

- Board has direct oversight of ESG matters
- Individual director voting, majority voting policy and prompt disclosure of vote results
- Board and committees have written mandates
- Written position descriptions for chair of the Board, each committee and CEO
- Board has adopted a written business conduct charter and monitors compliance



### Board Effectiveness

- Board Chair skills and experience profile to assist in evaluation of Board Chair candidates
- Board Chair succession and transition policy
- Term limit for Board Chair
- Orientation and continuing education programs for directors
- Skills matrix to assist in planning, development and managing the skills and competencies of the Board
- Board independent director nomination and recruitment process
- Annual Board and committee evaluation process involving effectiveness survey, annual director and chair self-assessments, annual one-on-one meetings between each director and Board Chair, annual assessment by senior management, and periodic peer-to-peer assessments conducted by an independent third party



### Board & Executive Accountability

- Board Shareholder outreach
- Advisory vote on executive compensation, giving Shareholders a say on pay
- Corporate scorecard links executive compensation to specific goals relating to environmental, social and governance (ESG) matters, including safety culture and safety leadership, climate-related goals and diversity, equity and inclusion matters
- Amendments to articles and by-laws, and approval of fundamental changes, mergers or business combinations, require a shareholder vote at levels required by law
- Board oversees strategic planning, risk management and mitigation, management, communication planning, compensation policies and guidelines, internal control integrity, succession planning
- Equity ownership requirements for directors and executive officers
- Clawback policy and anti-hedging policy which further align the interests of executives and Shareholders
- Related Party Transactions Policy



## Board of Directors

### *Role of the Board*

The Board is responsible for the overall stewardship of the Corporation and for overseeing the conduct of the Corporation and the activities of management. The primary responsibilities of the Board are to preserve and enhance long-term Shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a safe and environmentally responsible manner. In performing its duties, the Board also considers the legitimate interests that other stakeholders, including employees, customers, suppliers and communities, may have in the Corporation and its activities.

### *Board and Committee Mandates*

The mandate of the Board (a copy of which is attached to this Circular as "*Appendix A - Board of Directors Mandate*"), which is reviewed at least annually by the Board, sets out the key responsibilities of the Board as follows:

- satisfying itself as to the integrity of the CEO and other officers and that the CEO and other officers create a culture of integrity throughout the Corporation
- adopting a strategic planning process and approving, on an annual basis, a business plan for the Corporation that takes into account, among other things, the opportunities and risks of the Corporation's business
- developing the Corporation's approach to enterprise risk management (ERM), including identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks
- succession planning, including appointing, training and monitoring senior management
- adopting a communications policy for the Corporation
- monitoring the integrity of the Corporation's internal control and management information systems
- developing the Corporation's approach to environmental, social and governance (ESG) risks and opportunities
- developing the Corporation's compensation policies and guidelines

The Board discharges its responsibilities directly and through its committees. Each of the Board committees has a written charter. The Board and its committees develop annual workplans based on their mandates and charters. These workplans are reviewed by the Board Chair or committee chair, as applicable, and guide the discharge of the responsibilities by the Board and each of the committees. In addition, the Board has approved written position descriptions for the Board Chair, the Chair of each standing Board committee, and the CEO. These governance documents clearly define the scope and expectations of the Board, its committees, individual directors, Board Chair, the committee chairs and the CEO. The Board mandate, Board committee charters and position descriptions are available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" – "Governance".

### *Strategic Planning*

The Board is responsible for ensuring that the Corporation sets long-term goals and that a regular strategic planning process is in place for the Corporation. The Board participates with senior management directly or through its committees in approving the strategic plans developed by the Corporation to achieve its goals. Throughout the year, the Board regularly discusses and reviews the Corporation's strategy and alternatives thereto, having regard to the evolving needs and circumstances of the Corporation's business and the environment in which the Corporation operates. The Board meets at least annually for a strategic planning session with management in which it reviews, discusses and approves the Corporation's strategic plan and progress towards achieving the plan. In 2022, the strategic planning session focused on the Corporation's future development scenarios, debt repayment outlook and capital allocation strategy. The strategic session also focused on the Corporation's technology development plans and decarbonization efforts; the Corporation's human resources priorities, including leadership assessment and development, succession planning and diversity, equity and inclusion activities. The Board meets both with and without senior management and with external advisors where appropriate.

### *Risk Management*

The Board is responsible for understanding the principal risks of the Corporation's business and achieving a proper balance between reducing exposure to these risks and the potential return to Shareholders. The Board ensures that management has implemented appropriate systems to effectively monitor and manage the risks with a view to the long-term viability of the Corporation. The Corporation utilizes an enterprise risk management (ERM) program to further reinforce an organization-wide risk management culture, improve risk management practices and achieve higher corporate governance standards. The Board oversees the Corporation's ERM program and is supported by the Board committees to ensure that risks are properly identified, measured, monitored and reported throughout the Corporation on a consistent basis and that appropriate risk management activities and controls are in place across the Corporation. The President and CEO manages the ERM program directly and through the senior management team.

## Information Security Risk Management

The Board has ultimate oversight of the Corporation's cybersecurity strategy. The Audit Committee assists the Board with respect to oversight and management of cybersecurity and information security risk and the CFO has functional responsibility for the Corporation's cybersecurity strategy and the Corporation's IT Security Team. The IT Security Team is responsible for developing and implementing the Corporation's cybersecurity strategy, including defining cybersecurity policies and ensuring the operational effectiveness of these cybersecurity policies. The Corporation, through its Cybersecurity Framework manages cybersecurity risk by making certain appropriate processes, practices, and technologies are effectively designed and implemented to help identify, protect, detect, and respond to threats as they emerge and evolve. The Corporation employs a holistic security model based on National Institute of Standards and Technology (NIST) and International Organization for Standardization (ISO) standards:

- Utilizing enterprise class perimeter and network infrastructure, best practice network segregation, and multi-factor authentication;
- Ongoing cybersecurity and technology education is provided to all end users of the Corporation at least annually. Cybersecurity awareness testing is performed at least quarterly and cybersecurity policies are internally available to all employees;
- Security monitoring and alerting, including artificial intelligence and machine learning based behavior analytics to identify potential malicious activities or attacks;
- Regularly performed security control testing and comprehensive vulnerability assessments to ensure that information technology systems are up-to-date and properly configured, to reduce security risks arising from outdated or misconfigured systems and software;
- Incident response procedures are established to isolate and mitigate potential attacks; and
- Data backup and recovery processes are in place to minimize risk of data loss and resulting disruption of business.

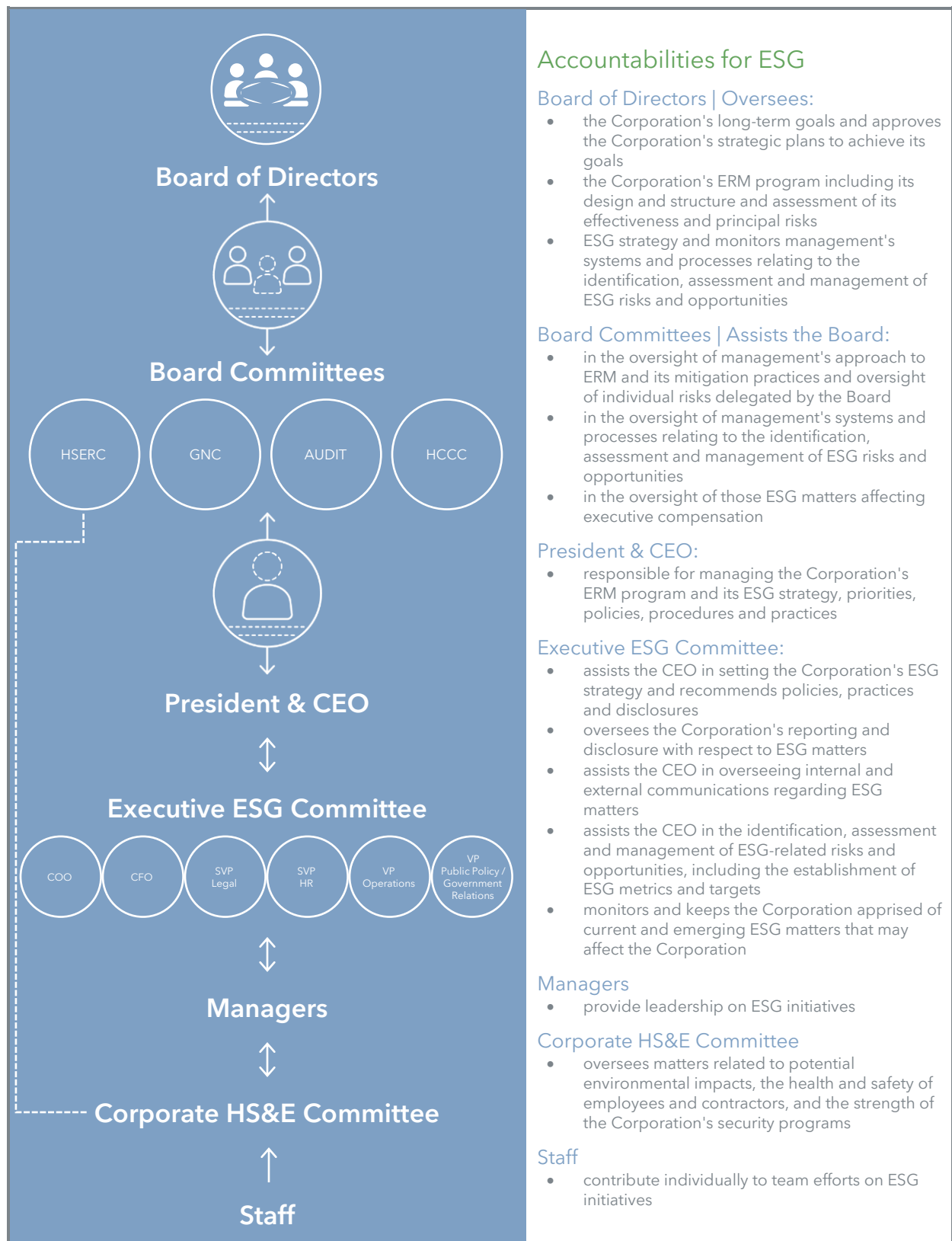
Third-party experts are utilized to perform annual penetration testing and security assessments of the Corporation's IT infrastructure and cybersecurity procedures. In July 2021 the Corporation obtained CyberSecure Canada certification, providing independent verification of the implementation of security controls developed by the Canadian Centre for Cyber Security. The Audit Committee receives regular updates from management on a broad range of topics, including technology trends, regulatory developments, the threat environment and vulnerability assessments, and specific and ongoing efforts to prevent, detect, and respond to internal and external threats. At least annually, the Board discusses cybersecurity and information security risks with the Corporation's management responsible for cybersecurity and information security risks. The Corporation has not experienced a material information security or cybersecurity breach in the past five years. The Corporation regularly discusses and evaluates the merits of information security risk insurance specific to the needs and risks of the Corporation.

## Environmental, Social and Governance Matters

The Board believes that environmental, social and governance (ESG) matters are critical to the long-term value and sustainability of the Corporation and is responsible for the oversight of all ESG-related initiatives, targets and programs and for developing the Corporation's approach to ESG matters. The Board is responsible for ensuring that ESG risks and opportunities are integrated into the Corporation's strategy and risk management processes with a view to developing the capacity to manage ESG risks and seize opportunities. The Board also incorporates ESG measures in its executive compensation program to align progress on ESG goals and objectives and executive compensation. These matters are discussed regularly in Board meetings and, in connection with Board succession, the Board will consider the right combination of knowledge and experience with ESG matters to ensure that the Board provides appropriate oversight of and contributions to discussions related to ESG matters impacting the Corporation. The Board discharges its responsibilities for ESG matters directly; however, in the execution of its responsibility for ESG matters, the Board may assign responsibility for certain aspects of ESG to the Board committees from time to time. 100% of the Corporation's Board members have ESG skills and expertise.

The Corporation has established a cross-functional management committee focused on ESG matters. The Executive ESG Committee reports to the CEO and is tasked with supporting the Corporation's ongoing commitment to ESG. The CEO is also supported by the Corporation's Corporate Health, Safety and Environment Committee, which consists of senior, interdisciplinary subject matter experts from across the Corporation, and oversees matters related to potential environmental impacts, the health and safety of the Corporation's employees and contractors, and the Corporation's security programs.

The Corporation's approach to ESG reflects its understanding of the challenges presented by climate change and the energy transition and its commitment to taking appropriate actions. As the world moves towards a low-carbon future, the Corporation's business strategy recognizes the impact of reduced use of fossil fuels and addresses the risks arising out of climate change concerns. Although the timing and impact of the energy transition could be highly indeterminate, the Corporation is focused on enhancing its position as a sustainable low-cost producer and achieving net-zero GHG emissions (Scope 1 and Scope 2).



In 2022, the Corporation continued to progress its committed to its long-term goal of reaching net zero Scope 1 and Scope 2 GHG emissions by 2050. In early 2023, the Corporation replaced its mid-term target of reaching a 30% reduction in bitumen GHG emissions intensity (Scope 1 and Scope 2) from 2013 levels by 2030, with a mid-term target of reducing its absolute GHG emissions (Scope 1 and Scope 2) by 0.63 megatonnes per annum by year-end 2030, representing a reduction of approximately 30% absolute Scope 1 and Scope 2 emissions from 2019 levels. In addition, along with its Pathways Alliance peers, the Corporation is also progressing pre-work on the proposed foundational carbon capture and storage project, which will transport CO<sub>2</sub> via pipeline from multiple oil sands facilities to be stored safely and permanently in the Cold Lake region of Alberta. In the fourth quarter of 2022, the Corporation and its Alliance peers reached a significant milestone entering into a carbon sequestration evaluation agreement with the Government of Alberta and starting the detailed evaluation of the proposed Cold Lake area geological storage hub. The Corporation and its Alliance peers continue to work closely with the federal and provincial governments to land on policy that supports the progress of these large decarbonization projects while ensuring Canada remains globally competitive and continues to attract investment. In addition to Climate Change and GHG Emissions, the Corporation continues to progress each of its other three priority ESG topics: Health and Safety, Indigenous Relations, and Water and Wastewater Management.

The Corporation published its second ESG Report in the third quarter of 2021 in an effort to provide consistent, relevant information that is useful to Shareholders and to provide greater transparency on ESG and climate-related risks. The report is aligned with guidance from the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The ESG report also references the Global Reporting Initiative ("GRI") and the United Nations Sustainable Development Goals ("SDGs"). The ESG Report is available in the "Sustainability" section of the Corporation's website at [www.megenergy.com](http://www.megenergy.com). The Corporation plans to publish its next ESG report during the third quarter of 2023.

The Corporation has participated in the CDP (formerly Climate Disclosure Project) since 2016. The CDP is a not-for-profit organization that maintains a global disclosure system for investors, companies, cities, states and regions to manage their environmental impact. In each of 2018, 2019, 2020 and 2021, the Corporation has received a Climate Score of B, a score that is higher than the global and North American oil and gas sector average of C. In 2022, the Corporation received a CDP Water Score of A-, which score is above the global and North American oil and gas average of B-.

The Corporation's Corporate Performance Scorecard continues to reflect the integration of ESG into the Corporation's business. In particular, ESG-related performance indicators make up a significant portion (35% or more in each of 2020, 2021 and 2022) of the Corporation's Corporate Performance Scorecard which impacts both executive and employee compensation. See "Components of Executive Compensation - 2022 Corporate Performance Scorecard" and "Components of Executive Compensation - 2023 Corporate Performance Scorecard".

In 2023, the Corporation's strategic ESG initiatives include:

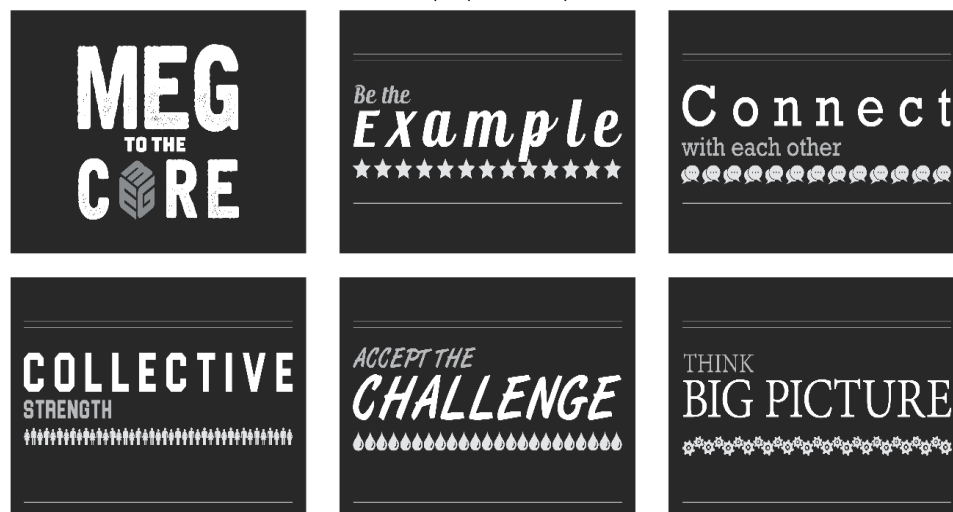
- Continue to progress the Corporation's decarbonization plans;
- Enhance the Corporation safety culture and safety leadership program; and
- Implement the Corporation's Diversity, Equity and Inclusion strategic plan.

Additional information regarding the Corporation's ESG actions, including the ESG Report, CDP Climate Response and CDP Water Response, is available in the "Sustainability" section of the Corporation's website at [www.megenergy.com](http://www.megenergy.com).

## Human Capital Management and Succession Planning

The Board believes that attracting, developing and retaining the best people is critical to the Corporation's long-term success and is central to the Corporation's long-term strategy. In addition, the Board believes that employees who understand how their work contributes to the overall corporate strategy outperform those employees who do not. At the core of the Corporation's human capital strategy is a focus on building an inclusive culture based on developing talent, innovation and leveraging the Corporation's collective capacity to deliver on its strategic objectives.

The Corporation's "MEG to the CORE" values anchor its purpose and plan:



The Corporation utilizes an enterprise employee performance management (EPM) process and a leadership development framework and continuity strategy. The EPM process and leadership development framework provide a consistent approach to talent development and to developing the leadership support required to deliver results, drive the engagement of the entire organization and build an inclusive workplace culture that reflects the Corporation's core values.

In addition, as part of its talent management and development strategy, in 2021 the Corporation launched a new leadership development program for front-line and mid-level leaders across the organization. All leaders within the Corporation will participate in the program as part of their ongoing development to enhance their leadership skills and capabilities. In 2022, the Corporation continued to progress its leadership development program, with a focus on introducing leadership tools and models. In 2023 and 2024, the focus of the leadership program will be on enabling leaders to gain clarity on roles and responsibilities, making decisions at the right levels and using leadership tools and models.

The Corporation is committed to cultivating an inclusive and diverse workplace environment that supports the development and advancement of all. The key principles and commitments of the Corporation under its new and improved Diversity, Equity and Inclusion Policy are intended to foster a corporate culture in which all of the Corporation's Board members, employees and contractors feel valued, respected and heard and have the opportunity to contribute and succeed.

See "*Corporate Governance Practices - Diversity, Equity and Inclusion.*"

The Board, through the HCCC, is regularly updated on key talent metrics for the overall workforce, including metrics related to diversity, recruiting and talent development programs. The Board is updated on the Corporation's human capital development strategy on an annual basis.

The Board also devotes significant time to leadership development and succession planning and provides guidance on important decisions in each of these areas. The Board, through the HCCC, has primary responsibility for succession planning for the CEO and oversight of succession planning for other executive officers. Leaders from a cross-section of the Corporation frequently present to the Board on corporate initiatives, providing the Board with insight into the leadership pipeline below the senior management team. The HCCC and the Board review succession plans for the Corporation's executives and their development on an annual basis with the CEO and Vice President, Human Resources.

The HCCC oversees the design and management of corporate compensation programs, including annual incentive compensation and long-term incentive compensation programs, as well as the design of the employee savings plan and health and benefit plans covering the Corporation's employees, to ensure that these programs are aligned to attracting, developing and retaining highly talented business leaders and to ensure that incentives are aligned with our Corporation's long-term strategy and the interests of Shareholders.

## Diversity, Equity and Inclusion

The Board recognizes the importance of inclusion and diversity in improving decision-making by ensuring that different perspectives are incorporated into the decision-making process. In 2019, the Board adopted its second formal diversity policy relating to gender and other forms of diversity on the Board and in the Corporation's leadership roles. The policy set a goal of reaching at least 30% female directors by the Corporation's annual meeting of Shareholders in 2020. The Corporation achieved this goal with the election of three women as directors at its 2020 annual meeting of Shareholders.

In early 2021, the Board adopted a new Inclusion and Diversity Policy (the 2021 I&D Policy). The purpose of the 2021 I&D Policy was to set forth the key principles and commitments of the Corporation to foster a corporate culture in which all of the Corporation's personnel and Board members feel valued, engaged and have the opportunity to contribute and succeed. The objectives approved by the Board under the 2021 I&D Policy included (a) maintaining a Board composition in which at least 30% of the directors are women, (b) aspiring to attain by 2025, and thereafter maintain, a Board composition in which at least 40% of the directors are Diverse Persons (including women, racialized people, Indigenous people, individuals who identify as LGBTQ2S+, and people with disabilities), (c) aspiring to achieve a meaningful increase in the number of Diverse Persons at the Corporation's senior management level (i.e. Vice Presidents and above), (d) ensuring that Diverse Persons are included in any pool of candidates being considered for election or appointment to the Board and for the appointment or promotion to senior management positions; and (e) establishing baseline information within the organization with respect to inclusion and diversity.

In 2022, the Board achieved compliance with the 2021 I&D Policy with the election of three women at its 2022 annual meeting of Shareholders and the appointment of a racially diverse person in July 2022. The Board composition currently includes three women, representing 33% of the Board, and four Diverse Persons, representing 44% of the Board. In addition, the Corporation continued to progress each of the other objectives set out in the 2021 I&D Policy.

Also in 2022, the Corporation hired a Manager, Inclusion & Diversity to support and accelerate the Corporation's inclusion and diversity efforts. In late 2022 and early 2023, the Board adopted a DE&I strategic plan and replaced the 2021 I&D Policy with a new Diversity, Equity and Inclusion Policy (the "DE&I Policy"). The DE&I Policy also sets forth the key principles and commitments of the Corporation which are intended to ensure that the Corporation fosters a corporate culture in which all of the Corporation's personnel and Board members feel valued, heard, respected, and have the opportunity to contribute and succeed. The DE&I Policy also highlights the appropriate procedure for when personnel encounter behaviors that violate the DE&I Policy or the Corporation's commitment. In the DE&I Policy:

"Diversity" means differences in the lived experiences and perspectives of people that may include race, ethnicity, language, ancestry, place of origin, political belief, religion, marital status, family status, physical disability, mental disability, sex, gender identity or expression, sexual orientation, age, class and/or socio-economic situations.

"Equity-Deserving Groups" refers to a group of people who, because of systemic inequities, face barriers that prevent them from having the same access to the resources and opportunities that are available to other members of society, which are necessary for them to attain just outcomes. These groups include women, racialized people, Indigenous people, individuals who identify as LGBTQ2S+, and people with disabilities.

"Inclusion" refers to a workplace where there are consistent and intentional actions to ensure that everyone feels valued, heard and respected as an individual.

The key principles and commitments of the Corporation in the DE&I Policy are as follows:

- Demonstrating a commitment to consistent inclusive leadership behaviours that will be role-modelled by the Board and the Corporation's Executive Leadership Team (ELT) and people leaders;
- Setting ELT accountability for the success and implementation of the DE&I strategic plan and commitments;
- Demonstrating and promoting inclusive practices which encourages diversity in thought, including applying and enforcing its Respectful Workplace Policy;
- Holding employees accountable to embodying our DE&I Policy commitment within their daily behaviours and team cultures;
- Enabling and promoting DE&I education and awareness for all employees, including teammates and people leaders;
- Developing recruitment strategies focused on increasing the representation of candidates that better reflect the communities we work and live in across all areas and seniority levels at MEG. Where appropriate, leveraging external recruitment advisors to diversify our talent pipeline and sourcing pools;
- Identifying and progressively eliminating barriers to employment and advancement in the Corporation's workplace;
- Working with current and future suppliers and contractors to encourage the application of the same principles of diversity, equity, and inclusion; and
- Consistently striving for opportunities to build a workforce that better reflects the communities in which the Corporation works and lives.

The DE&I Policy requires that the Corporation set measurable objectives for improving diversity, equity, and inclusion within all levels of the Corporation. These objectives are approved by the Board upon a recommendation of the GNC and the HCCC.

The GNC is responsible for oversight of the application of the DE&I Policy to the Board and the HCCC is responsible for the application of the DE&I Policy to the Corporation's executives and employees. The Committee oversight includes an annual review of the Corporation's objectives and progress in achieving these objectives and will be included in a Corporate Scorecard and CEO Objectives as appropriate. The evaluation of the Corporation's progress will include a mechanism to include feedback from Equity Deserving Groups within the organization.

A summary of the Corporation's current diversity distribution, number and percentage, is as follows

Position/Title	Number of Women	% of Women	Number of Racial/Ethnic Diverse Persons	% of Racial/Ethnic Diverse Individuals
Internal Director <sup>(1)</sup>	1	8%	-	0%
Executive <sup>(2)</sup>	1	11%	-	0%
Board of Directors <sup>(3)(4)</sup>	3	33%	1	11%

**Notes:**

- (1) An "internal director" is a senior management level position within the Corporation's organization which falls immediately below the position of Vice President.
- (2) Includes the CEO, CFO, COO, Senior Vice President and Vice Presidents.
- (3) Member of the Board of Directors.
- (4) Based on the nine director nominees standing for election at the Meeting.

In addition to the DE&I Policy, the Corporate Performance Scorecard for 2023 includes, as part of its ESG targets, the establishment of baseline measurements of direct and indirect employment of diverse talent and the development of a strategy to improve talent diversity within the organization.

As of the date of the Circular, one of nine (11%) of the Board members, and zero of nine (zero percent) of the executives of the Corporation self-identify as Indigenous peoples; zero of nine (zero percent) of the Board members, and zero of nine (zero percent) of the executives of the Corporation, self-identify as members of visible minorities; and zero of nine (zero percent) of the Board members, and zero of nine (zero percent) of the executives of the Corporation, self-identify as persons with disabilities.

Since 2021, in furtherance of its inclusion and diversity objectives, the Board engages search firms specialized in the recruitment of members of Equity-Deserving Groups to identify individuals as potential director nominees.



## Board Committees

To assist the Board in fulfilling its duties and responsibilities, the Board delegates certain powers, duties and responsibilities to committees to ensure sufficient review and consideration of specific matters. The Board currently has four standing committees: Audit Committee, Human Capital and Compensation Committee, Governance and Nominating Committee and Health, Safety and Environment and Reserves Committee. The Board also establishes ad hoc committees from time to time for specific matters which are not continual in nature.

### *Committee Memberships Post-Meeting*

Each of the Committees is comprised solely of independent directors. Mr. Evans, as a non-independent director by virtue of his position as President and CEO of the Corporation, does not sit on any Board committee but does attend all committee meetings by invitation. An *in-camera* session of independent directors is held at every Board and Committee meeting.

Immediately following the meeting, and subject to all director nominees being successfully elected as directors of the Corporation, the members of the standing committees shall be as follows:

Director	Standing Committees			
	Audit Committee	HCCC	GNC	HSERC
Ian D. Bruce <sup>(1)</sup>	<i>Ex-officio</i>	<i>Ex-officio</i>	<i>Ex-officio</i>	<i>Ex-officio</i>
Gary A. Bosgoed			✓	✓
Robert B. Hodgins	Chair		✓	
Kim Lynch Proctor	✓	✓		
Susan M. MacKenzie	✓			Chair
Jeffrey J. McCaig		Chair		✓
James D. McFarland		✓		✓
Diana J. McQueen		✓	Chair	

#### Notes:

- (1) As Board Chair, Mr. Bruce is an *ex-officio* non-voting member of each standing committee.
- (2) Mr. Evans attends all standing committee meetings in his capacity as CEO.

### *Audit Committee*

The Audit Committee assists the Board in fulfilling its stewardship with respect to the Corporation's financial statements, management's discussion and analysis, accounting and financial reporting practices, and the relationship with the Corporation's external auditor. It also assists the Board with respect to oversight of the Corporation's disclosure controls and procedures and internal control over financial reporting; financial and commodity price risk management activities; and information security risk management matters.

Each member of the Audit Committee is an independent director and is "financially literate" as such term is defined in National Instrument 52-110 - *Audit Committees*. Additionally, two of the three members of the Audit Committee (as well as the Board Chair who serves as an *ex-officio* member of the Audit Committee) is considered by the Board to be a "financial expert" based on such member's education, professional accounting designation and experience as a principal financial officer, principal accounting officer, controller, or experience in one or more positions that involve the performance of similar functions.

The Board appoints the chair of the Committee annually from among the members of the Committee. The Committee meets at least four times per year or more frequently as circumstances require and at each meeting of the Committee, the members meet *in-camera* in the absence of management. The Committee has the authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties, to set and require the Corporation to pay compensation for any advisers engaged by the Committee, and to communicate directly with the external auditor and the Corporation's other financial advisers to the extent necessary to carry out the Committees' duties.

The chair of the Audit Committee reports on the Committee's activities at each regularly scheduled meeting of the Board.

Further information in respect of the Audit Committee is contained in the Corporation's Annual Information Form for the year ended December 31, 2022 filed on SEDAR at [www.sedar.com](http://www.sedar.com) and available on our website at [www.megenergy.com](http://www.megenergy.com).

The Audit Committee Charter is available on our website at [www.megenergy.com](http://www.megenergy.com).

### *Human Capital and Compensation Committee*

The Corporation's Human Capital and Compensation Committee provides board-level stewardship with respect to the Corporation's human capital strategy and management, in addition to its ongoing role in stewarding the Corporation's compensation philosophy, policies and programs. The primary activities of the Human Capital and Compensation Committee (HCCC) are to review the Corporation's human capital strategy; oversee management's compliance with laws and regulations with respect to human resources and compensation matters; review and make recommendations to the Board on matters related to social policies, inclusion and diversity, including ESG responsibilities related to social matters and related topics delegated by the Board; establish the Corporation's general compensation philosophy and compensation related risks, and oversee the development and implementation of compensation programs; review annually and recommend to the Board the director,



executive and employee compensation programs (including the total compensation of the CEO and the Corporation's other executives); review annually and recommend to the Board the corporate goals and objectives relevant to compensation (including the President and CEO's annual objectives); review the Corporation's disclosure relating to director and executive compensation; review annually progress on application of the DE&I policy to the Corporation's executives and employees; and review annually the Corporation's succession planning and results for the Corporation's executive roles. The Committee also annually conducts and reports to the Board on performance evaluation of the President and CEO.

Each member of the HCCC must be an independent director. The Board appoints the chair of the HCCC annually from among the members of the HCCC. The HCCC meets at least semi-annually and at each meeting of the HCCC, the members meet *in-camera* in the absence of management. The HCCC has the authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties and to set and require the Corporation to pay compensation for any advisers engaged by the HCCC.

The chair of the HCCC reports on the HCCC's activities at each regularly scheduled meeting of the Board.

The HCCC Charter is available on our website at [www.megenergy.com](http://www.megenergy.com).

### *Governance and Nominating Committee*

The GNC assists the Board in fulfilling its stewardship with respect to developing the Corporation's approach to corporate governance; developing corporate governance principles and guidelines; reviewing Board and Board committee requirements and membership; facilitating evaluation of the directors, the Board, Board committees, Board and Board committee chairs; identifying individuals qualified to become directors; recommending nominees for election as directors of the Corporation; monitoring compliance with rules, regulations or guidelines relating to corporate governance; review annually progress on application of the DE&I Policy to the Board; and reviewing all material related-party transactions.

The GNC regularly reviews new developments in corporate governance and makes recommendations to the Board on processes or policies which would enhance the overall effectiveness of the Board and its committees and the performance of the Corporation. The GNC reviews and approves any reports required or recommended on corporate governance for inclusion in the Corporation's public disclosure documents.

Each member of the GNC must be an independent director. The Board appoints the chair of the GNC annually from among the members of the GNC. The GNC meets at least annually or more frequently as circumstances require and at each meeting of the GNC, the members meet *in-camera* in the absence of management. The GNC has authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties and to set and require the Corporation to pay compensation for any advisers engaged by the GNC.

The chair of the GNC reports on the GNC's activities at each regularly scheduled meeting of the Board.

The GNC Charter is available on our website at [www.megenergy.com](http://www.megenergy.com).

### *Health, Safety and Environment and Reserves Committee*

The HSERC assists the Board in fulfilling its stewardship of the Corporation's oil and gas reserves and environmental, social and governance matters including ensuring compliance by the Corporation with applicable laws pertaining to health, safety and the environment and reviewing and supervising the Corporation's policies and procedures designed to mitigate risks and liabilities in these areas; ensuring compliance by the Corporation with the requirements contained in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*, including supervising the evaluation of the Corporation's reserves and the preparation of the Corporation's independent reserves report, and reviewing and recommending health, safety and environmental metrics for inclusion in the Corporation's Corporate Performance Scorecard and reviewing and providing input into the Corporation's ESG reports as required from time to time.

Each member of the HSERC must be an independent director. The Board appoints the chair of the HSERC annually from among the members of the Committee. The Committee meets at least annually or more frequently as circumstances require and at each meeting of the HSERC, the members meet *in-camera* in the absence of management. The HSERC also meets at least annually with the Corporation's independent reserves evaluator *in-camera*. The HSERC has authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties and to set and require the Corporation to pay compensation for any advisers engaged by the Committee.

The chair of the HSERC reports on the Committee's activities at each regularly scheduled meeting of the Board.

The HSERC Charter is available on our website at [www.megenergy.com](http://www.megenergy.com).

## Independence of Directors

The Board is responsible for determining, at least annually, whether or not each director is independent as set out in section 1.2 of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Corporation. Examples of such a material relationship could include being a partner, shareholder or officer of an organization that has a material relationship with the Corporation, such as a supplier, customer or contractual counterparty. On an annual basis, the GNC of the Board asks directors and executives of the Corporation to inform the Board as to their relationships with the Corporation. Pursuant to the *Business Corporations Act* (Alberta), directors of the Corporation are also required in certain circumstances to declare when they are party to, or have an interest in, material contracts or material transactions involving the Corporation. The Board reviews any relationships, and their materiality to the Corporation, under applicable director independence standards. In its review, the Board considers and analyzes the existence, materiality and effect of all relationships of our directors with the Corporation including business, familial and other relationships, in reaching a conclusion as to such director's independence under applicable requirements.

The Chair of the Board, Mr. Bruce, is independent and the Board is currently comprised of nine (9) directors, eight (8) of whom are independent. Mr. Evans, as President and CEO of the Corporation, is not independent and is the only member of the Board who is also a member of management.

The roles of the Board Chair and the President and CEO are separate. The primary responsibility of the Chair is to provide independent leadership to the Board to ensure the Board functions independently of management of the Corporation and to facilitate the effective functioning of the Board in stewardship of the Corporation.

At each Board meeting there is an *in-camera* session at which non-independent directors and members of management are not in attendance. The *in-camera* sessions are chaired by the Chair of the Board. The chairs of the HCCC, the Audit Committee, the GNC and HSERC, are/were all independent directors and at each respective committee meeting an *in-camera* session is/was held.

## Conflicts of Interest and Related Party Transactions

Pursuant to the *Business Corporations Act* (Alberta), a director or officer who is party to a material contract or transaction with the Corporation or has a material interest in any person who is a party to a material contract or transaction with the Corporation is required to disclose the conflict or potential conflict and to abstain from voting on the matter at any Board meeting where the matter is being discussed or considered. The GNC is responsible for reviewing and making recommendations to the Board regarding related-party transactions.

Pursuant to the Corporation's Business Conduct Charter, directors, officers and employees of the Corporation are required to disclose potential or actual conflicts of interest and are prohibited from engaging in the disclosed activity until permission is granted by an executive of the Corporation. A conflict of interest is defined as any circumstances where an individual (or persons with whom such individual has a close personal relationship) may receive a benefit that is at the expense of the Corporation or that results in a lost opportunity to the Corporation. See "*Ethical Business Conduct - Business Conduct Charter*".

In addition to the foregoing, the Corporation has adopted a Related Party Transaction Policy which is intended to supplement the Corporation's Business Conduct Charter. With respect to persons and transaction described in the Related Party Transaction Policy, the procedures set forth in the policy apply. With respect to all other potential conflicts of interest, the provisions of the Business Conduct Charter apply.

The Related Party Transaction Policy requires the approval or ratification by the GNC if any transaction or series of transactions exceeding \$120,000 in which the Corporation is a participant and any related person has a direct or indirect material interest (other than solely as a result of being a director or trustee or less than 5% owner of another entity). Related persons include the Corporation's directors, executives and their immediate family members and persons sharing their households. It also includes persons controlling more than 10% of the Shares.

Once a related party transaction has been identified, the GNC will review all of the relevant facts and circumstances and approve or disapprove entry into the transaction. The Committee will take into account, among other factors, whether the transaction is on terms no more favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

All directors are required to complete annual questionnaires disclosing any related party transactions. These questionnaires assist the Corporation in identifying and monitoring possible related-party transactions.

There were no material conflicts of interest or related party transactions reported to the Board, the GNC or the Corporation's executives in 2022.

## Other Public Company Board Memberships

The table below sets out the other publicly traded issuers for which the Corporation's current directors and/or director nominees serve as directors as at the date hereof.

Director	Other Directorships
Gary A. Bosgoed	Capital Power Corporation
Ian D. Bruce	Cameco Corporation
Derek W. Evans	Franco-Nevada Corporation
Robert B. Hodgins <sup>(1)</sup>	AltaGas Ltd. Enerplus Corporation Gran Tierra Energy Inc.
Kim Lynch Proctor	Alaris Equity Partners Income Trust Paramount Resources Ltd.
Susan M. MacKenzie <sup>(1)</sup>	Enerplus Corporation Precision Drilling Corporation
Jeffrey J. McCaig	Michichi Capital Corp.
James D. McFarland	Valeura Energy Inc.
Diana J. McQueen	Total Helium Ltd.

### Notes:

(1) Mr. Hodgins and Ms. MacKenzie will retire from the board of directors of Enerplus Corporation at its annual meeting to be held on May 4, 2023.

## Interlocking Board Memberships

The Board considers it to be a good governance practice to avoid interlocking relationships, if possible. The Board examines each situation on its own merits with a view to examining material relationships which may affect independence. Mr. Hodgins and Ms. MacKenzie are both members of the board of directors of Enerplus Corporation and both serve on the Enerplus compensation & human resources committee, Ms. MacKenzie as Chair and Mr. Hodgins as a member. The Board has determined that this interlock does not impair the ability of either Mr. Hodgins or Ms. MacKenzie to exercise independent judgment as members of the Board.

Director Meeting Attendance

The attendance record of each director for all Board and Committee meetings held in 2022 is set out below. With the exception of Messrs. Bruce and Evans, the attendance record does not reflect attendance by directors at meetings of committees of which they are not members. Directors are encouraged to attend committee meetings even though they are not members of such committee.

Director	Board Meetings	Standing Committee Meetings				Total
		Audit Committee	HCCC	GNC	HSERC	
Gary A. Bosgoed <sup>(1)</sup>	4/4			2/2	2/2	100%
Ian D. Bruce <sup>(2)</sup>	7/7	4/4	5/5	3/4	4/4	96%
Derek W. Evans <sup>(3)</sup>	7/7	4/4	5/5	4/4	4/4	100%
Robert B. Hodgins	7/7	4/4 (Chair)		4/4		100%
Kim Lynch Proctor <sup>(4)</sup>	5/5	2/2	2/2			100%
Susan M. MacKenzie <sup>(5)</sup>	7/7	2/2	3/3		4/4 (Chair)	100%
Jeffrey J. McCaig	7/7		5/5		4/4	100%
James D. McFarland <sup>(6)</sup>	7/7	2/2	5/5 (Chair)		2/2	100%
Diana J. McQueen	7/7		5/5	4/4 (Chair)		100%
<b>Former Directors</b>						
Grant D. Billing <sup>(7)</sup>	3/3	2/2		2/2		100%
Judy A. Fairburn <sup>(8)</sup>	2/2			2/2	2/2	100%
William R. Klesse <sup>(8)</sup>	2/2				2/2	100%

### Notes:

- (1) Mr. Bosgoed was appointed to the Board and as a member of the GNC and HCCC effective July 1, 2022 and attended 100% of all Board and committee meetings held following his appointment.
- (2) As Chair of the Board, Mr. Bruce attends all committee meetings in an ex-officio capacity and, for 2022, attended 23/24 or 96% of the committee meetings held.
- (3) Mr. Evans is not a member of any of the Board's committees but is invited to attend the meetings of all committees. Mr. Evans attended 24/24 or 100% of the committee meetings held in 2022. At each such meeting, the members of the committee, all of whom are independent, also met in-camera without Mr. Evans present.
- (4) Ms. Lynch Proctor was elected to the Board on May 3, 2022 and appointed as a member of the Audit Committee and HCCC effective May 3, 2022 and attended 100% of all Board and committee meetings held following her election.

- (5) Effective May 3, 2022, Ms. MacKenzie ceased as a member of the HCCC and was appointed as a member of the Audit Committee and as Chair of the HSERC.
- (6) Effective May 3, 2022, Mr. McFarland ceased as a member of the Audit Committee and was appointed as a member of the HSERC.
- (7) Mr. Billing retired from the Board effective June 30, 2022.
- (8) Ms. Fairburn and Mr. Klesse retired from the Board effective May 3, 2022.

## Skills Assessment and Nomination

The GNC, which is composed entirely of independent directors, is responsible for ensuring that the composition of the Board and its committees meets the requirements of the Corporation. The Corporation maintains a skills matrix that identifies the skills and experience that the Board views as necessary to oversee the Corporation's business, operations and strategic objectives. Prior to making its recommendations to the Board regarding Board composition and nominees, the GNC assesses how those skills and experience requirements are satisfied by the nominees.

The following table summarizes information from the GNC's most recent review which was used to develop the recommendations and includes the skills and expertise of the proposed nominees for election as directors.

Legend									
<ul style="list-style-type: none"> <li>● Expert in the field as a consequence of specific training and extensive experience as practitioner, a resource for senior management in this subject area</li> <li>● Very broad knowledge of subject area through training and/or direct work experience, or supervision of function, able to analyze and ask probing questions</li> <li>○ Basic understanding of subject area through previous training/exposure</li> </ul>									
Skill	Bosgoed	Bruce	Evans	Hodgins	Lynch Proctor	MacKenzie	McCaig	McFarland	McQueen
<b>Financial Knowledge</b>									
Ability to read and interpret financial statements/notes	●	●	●	●	●	●	●	●	●
Experience in investment banking, mergers & acquisitions	○	●	●	●	●	●	●	●	●
<b>Oil and Gas Operations Experience</b>									
In-situ operations	●	●	●	●	○	●	●	●	●
Large project development	●	●	●	●	○	●	●	●	●
Health, Safety and Environmental	●	●	●	●	●	●	●	●	●
Reserves Reporting	●	●	●	●	●	●	●	●	●
Regulatory	●	○	●	●	●	●	○	●	●
<b>Oil and Gas Marketing Experience</b>									
Marketing of Oil or Gas	○	●	●	●	●	●	○	●	●
Midstream/Transportation Sector	○	●	●	●	○	○	●	●	○
Refining Sector	○	●	●	○	○	●	●	●	●
<b>Business Experience</b>									
Corporate Strategy, Managing or Leading Growth	●	●	●	●	●	●	●	●	●
International Business	●	●	●	●	●	●	●	●	●
Human Resources/Compensation	●	●	●	●	●	●	●	●	●
Sectors Outside of Oil & Gas	●	●	●	●	●	●	●	●	●
Corporate Law	○	●	●	●	●	●	●	●	●
Experience as CEO/Chair of Large North American Public Company	●	●	●	○	-	-	●	●	○
Political/Public Policy or Regulatory	●	●	●	●	●	●	●	●	●

Skill	Bosgoed	Bruce	Evans	Hodgins	Lynch Proctor	MacKenzie	McCaig	McFarland	McQueen
<b>Corporate Governance/ESG Experience</b>									
Other Boards of Directors	●	●	●	●	●	●	●	●	●
Current Canadian Corporate Governance	●	●	●	●	●	●	●	●	●
Securities Law, Regulatory Regime for Public Companies	●	●	●	●	●	●	●	●	●
Environmental, Social & Governance (ESG)	●	●	●	●	●	●	●	●	●
<b>Other</b>									
Digital Skills	●	●	●	●	●	●	●	●	●
Cybersecurity Experience	●	●	●	●	●	●	●	●	●

The GNC is also responsible for identifying and assessing new candidates for appointment or nomination to the Board and for considering succession issues as they relate to the members of the Board and committees. Where a vacancy exists or the need for a new candidate has been identified, the GNC will seek candidates who best match the identified needs of the Board and its committees and will evaluate them taking into account their past performance, independence, competencies, skills, financial literacy, the Corporation's Inclusion and Diversity Policy (as described below) and such other factors as are necessary to ensure the promotion of effective governance and regulatory compliance.

## Orientation and Continuing Education

The Board recognizes the importance of orientation and continuing education for directors and has delegated these responsibilities to the GNC. New directors meet with the Chair and certain other independent directors and attend meetings at which they receive briefings on various aspects of the nature and operation of the Corporation's business from senior officers of the Corporation. New directors are also provided with comprehensive onboarding materials and information, including an overview of the Board portal, a secure online site that contains, among other things, the Corporation's articles and by-laws, the Board and committee mandates and workplans, corporate policies, recent disclosure documents and information regarding the Corporation's operations. New directors are also provided the opportunity to meet one-on-one with members of Senior Management and, when circumstances permit, are offered a tour of our field site at Christina Lake.

The Corporation believes that Shareholders are best served by an engaged board that is knowledgeable about our business, industry and governance trends. Listed below are the internal sessions hosted by MEG in 2022:

- **Safety Leadership Development** (May 2022) - presented by MFB & Associates to all members of the Board
- **Capital Markets Perspectives** (September 2022) - presented by BMO to all members of the Board
- **Operational Site Visit** - Christina Lake facility tour (September 2022) - attended by all members of the Board with the exception of Messrs. Bosgoed and Hodgins
- **Cybersecurity Update** (November 2022) - presented by MEG to all members of the Board
- **Oil Strategy: The Macro Push vs. the Fundamental Pull** (November 2022) - presented by RBC to all members of the Board
- Quarterly presentations on market fundamentals at regularly scheduled Board meetings and attended by all directors
- Regular presentations from the Corporation's independent compensation consultant and attended by all members of the HCCC

In addition to internal sessions hosted by MEG, the Corporation encourages directors to attend and participate in seminars and other continuing education programs in order to maintain and enhance their skills and abilities as directors, with the cost of any such programs being reimbursed by the Corporation. Individual directors' participation in continuing education activities are listed in "Appendix D - Individual Directors' Continuing Education Activities in 2022".

All of our directors are members of the Institute of Corporate Directors (ICD), with Mr. Evans, Ms. Lynch Proctor, Ms. MacKenzie and Ms. McQueen each holding the ICD.D designation.

The Corporation ensures that there are frequent informal opportunities for directors to meet with senior members of the organization which offers the opportunity for individual Board members to ask questions to enhance their knowledge and clarify their understanding of various issues, and gain additional exposure to help evaluate the knowledge, capability and conduct of the senior management team.

## Board, Committee and Director Assessments

The Board approaches its Board, Board committee and director assessments over a multi-year time frame with the objective of ensuring that directors are provided with honest feedback each year on their performance and to assist the Board in identifying and addressing opportunities to improve effectiveness.

On an annual basis, the Chair of the GNC facilitates the completion by each director of a confidential effectiveness survey for the Board and each committee to which that director is assigned. The Board survey includes an assessment of the Board's responsibilities and operations, assessment of the Chair of the Board and individual director self-assessments. The Board committee surveys include an assessment of each committee's responsibilities and operations, an assessment of each committee chair and individual self-assessments of the committee members. The GNC also considers the composition of the Board's committees to ensure they possess an appropriate balance of the skills necessary for such committees to discharge their roles. This process involves, as noted above, the use of a skills matrix, which assists in identifying any gaps in skills, expertise and industry experience. In 2021, an assessment of the Board and committees by senior management of the Corporation was added to the annual Board assessment process.

The Board Chair and Chair of the GNC are responsible for reviewing the responses provided in each survey and liaising with the chairs of the committees and management to utilize the responses to improve the effectiveness of the Board and its committees. At the first Board meeting following completion and review of the assessments, the Board Chair and the Chair of the GNC report to the Board outlining the responses and conclusions of the assessments. Board members then identify areas of improvement and communicate with management prior to implementation.

Every two to three years the Board conducts a comprehensive, externally-facilitated effectiveness evaluation of the Board. This evaluation process includes peer evaluation and feedback on how individual directors are perceived by their peers to contribute to the areas set out in the Board's skills matrix, providing a real time assessment of each individual director's contributions to boardroom discussions. Each of the directors is provided with an individualized report, providing insight into their contributions in boardroom discussions as perceived by other directors.

The Board considers a rigorous assessment process to be the most appropriate mechanism to ensure that each director remains effective. The format and focus of the Board, Committee and director assessment process are continually under review by the GNC to ensure its effectiveness.

## Board Renewal and Tenure

The GNC has the responsibility to establish criteria for the selection of directors, to retain search firms for the recruitment of director nominees, to review and assess the competencies and skills of persons proposed for election or appointment to the Board, and to submit to the Board the names of persons to be nominated for election as directors at the annual meeting of Shareholders or to be appointed to fill vacancies between annual meetings. Candidates are assessed in relation to the criteria established by the Board (as set out in the Board skills matrix) to ensure that the Board has a diverse and appropriate mix of backgrounds, skills and perspectives necessary to promote sound governance and Board effectiveness.

To ensure adequate Board renewal, the GNC conducts robust annual Board, Committee and director assessments. These assessments include an evaluation of the tenure and performance of individual directors and a review of the composition and effectiveness of the Board and its committees. For additional detail on the annual assessments, see "*Board, Committee and Director Assessments*".

The GNC also conducts an annual skills matrix survey to ensure the Board possesses the requisite experience, expertise and business and operational insight for the effective stewardship of the Corporation. See "*Skills Assessment and Nomination*".

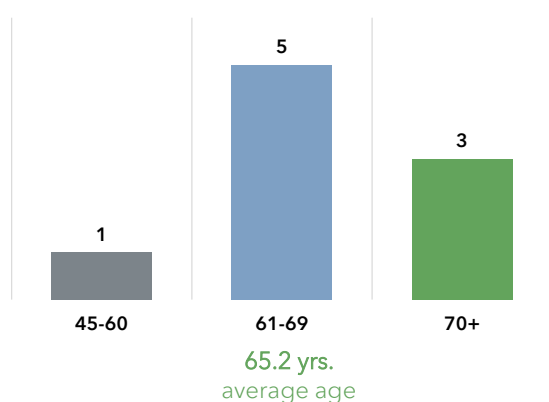
The Board does not impose mandatory retirement age requirements and term limits on directors and believes that these restrictions are arbitrary and overly prescriptive, and that Shareholders are best served by a balance between long-standing directors who have developed in-depth knowledge of the Corporation and the need for renewal and fresh perspectives. Further, the Board does not consider a long tenure to be a detriment to the Corporation or that it would prevent a director from acting independently of management. The GNC reviews the composition of the Board on an annual basis, in relation to the Corporation's director skills matrix and diversity requirements, and recommends changes, as appropriate, to renew the Board.

The Board has experienced significant turnover during the past few years. Five of the nine nominees for election at the Meeting, each of whom bring valuable skills and experience to the Company and the Board, if elected, will have been on the Board since 2018. The Board's tenure profile balances experience, diversity and the need for Board renewal.

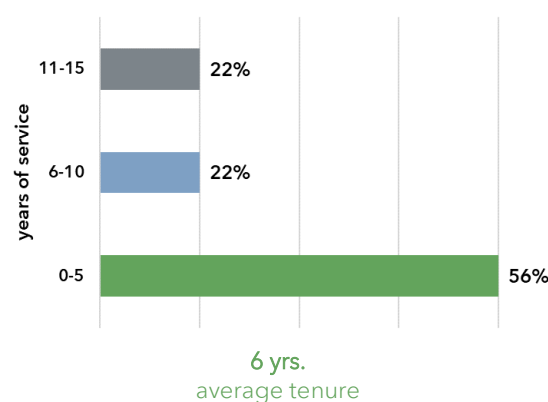
The following charts show the Corporation's director tenure, age, and gender and racial/ethnic diversity.

	Age			Tenure (years of service)		
	45-60	61-69	70+	0-5	6-10	11-15
Gary A. Bosgoed		✓		✓		
Ian D. Bruce		✓		✓		
Derek W. Evans		✓		✓		
Robert B. Hodgins			✓			✓
Kim Lynch Proctor	✓			✓		
Susan M. MacKenzie		✓		✓		
Jeffrey J. McCaig			✓		✓	
James D. McFarland			✓			✓
Diana J. McQueen		✓			✓	
	1 (11%)	5 (56%)	3 (33%)	5 (56%)	2 (22%)	2 (22%)

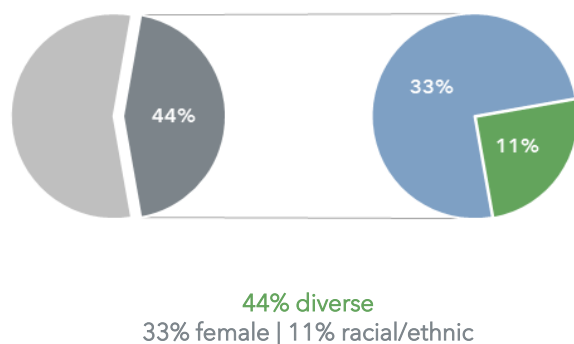
director age



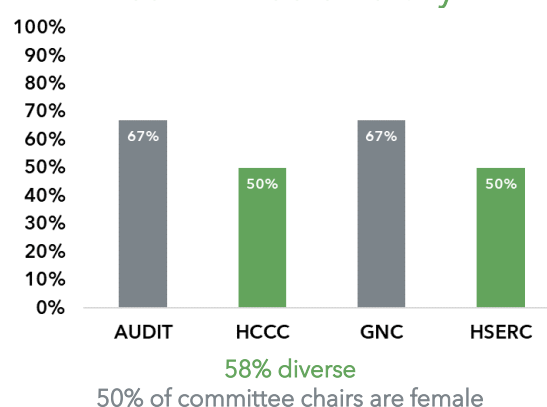
director tenure



board diversity



committee diversity



## Majority Voting Policy

The Corporation has adopted a Majority Voting Policy that applies in respect of director elections at any meeting of the Corporation's Shareholders where an "uncontested election" of directors is held and which fully complies with TSX rules. Pursuant to this Policy, the forms of proxy circulated in connection with a meeting of Shareholders at which an uncontested election of directors is to be conducted shall provide Shareholders with the ability to vote in favour of, or to withhold from voting for, each director nominee. If the number of votes withheld for a particular director nominee is greater than the number of votes in favour of such nominee, the director nominee shall be required to immediately tender an offer of their resignation to the Board Chair following the applicable meeting of Shareholders.



The Majority Voting Policy provides that following receipt of an offer of resignation tendered pursuant to this Policy, the GNC shall consider whether or not to accept the offer of resignation and shall recommend to the Board whether or not to accept it. In accordance with the TSX rules, the GNC would be expected to recommend that the Board accept an offer of resignation, and the Board would be expected to accept an offer of resignation absent exceptional circumstances. The Board must decide whether or not to accept the offer of resignation within 90 days of the meeting. The resignation will be effective when accepted by the Board and the director who tendered their offer of resignation will not participate in any meeting at which the offer of resignation is considered.

Promptly following the decision of the Board to accept, or not to accept, an offer of resignation pursuant to this Policy, the Corporation shall issue a news release with the Board's decision, a copy of which news release must be provided to the TSX. If the Board determines not to accept an offer of resignation, the news release shall fully state the reasons for that decision.

The Corporation's Majority Voting Policy is available on MEG's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" - "Governance".

## Ethical Business Conduct

### *Business Conduct Charter*

The Board has adopted a Business Conduct Charter (the "BCC") that applies to all directors, officers, employees and consultants of the Corporation and to all of the Corporation's suppliers and service providers. The BCC addresses issues such as conflicts of interest, fair dealing, insider trading, privacy matters, and disclosure of material information. Copies of the BCC and other governance related documents may be obtained upon request from the General Counsel of the Corporation (587-293-6060) and are available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" - "Governance". The BCC is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

A copy of the BCC is provided to each current director, officer, employee and consultant of the Corporation and each such person is required to acknowledge annually that they have read the BCC and has disclosed any transactions or matters of potential conflict. A copy of the BCC is provided to each new director, officer, employee and consultant of the Corporation and each such person is required to acknowledge that they have read the BCC before commencing activities as a director, officer, employee or consultant.

No material change reports have been filed by the Corporation relating to a director's or executive officer's departure from the BCC. There has been no conduct of a director or executive officer that has constituted a departure from the BCC, and no waivers of the BCC have ever been granted to any director, officer, employee or consultant of the Corporation.

Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement being contemplated by the Corporation are required to declare such interest at any meeting at which the matter is being considered and, when appropriate, will leave the meeting during discussion and abstain from voting on such matter.

The Corporation maintains a confidential and anonymous whistle-blowing line known as MEG's Confidence Line, which is overseen by the Audit Committee. Stakeholders may call or make submissions to the Confidence Line by phone or internet. Submissions are received and tracked by an independent third-party service provider.

Complaints under the BCC or other policies can be anonymously reported to a third party by calling 1-800-661-9675 or visiting [www.meg-energy.confidenceline.net](http://www.meg-energy.confidenceline.net)

### *Respectful Workplace Policy*

The Corporation is committed to an ethical and respectful workplace. In furtherance of this commitment, the Corporation has adopted a Respectful Workplace Policy. The purpose of the Policy is to foster a respectful workplace where all individuals are treated with dignity and respect by ensuring a common understanding by all the Corporation's employees, contingent workers and vendors of what constitutes appropriate workplace behaviour and actions and setting out the Corporation's commitment to eliminate harassment and violence in the workplace and to investigate all reported incidents of harassment and violence in the workplace.

The Respectful Workplace Policy is available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" - "Governance".

### *Insider Trading and Disclosure Policy*

The Corporation has adopted an Insider Trading and Disclosure Policy. The purpose of this Policy is to ensure that all representatives of the Corporation understand and comply with their legal obligations relating to trading in securities and the disclosure of information and to provide for procedures governing the disclosure of information by any representatives of the Corporations. This Policy applies to all directors, officers, employees and consultants of the Corporation.

The Insider Trading and Disclosure Policy is available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" - "Governance".

### *Lobbying Policy*

As part of the Corporation's commitment to maintaining and enforcing the highest standards of ethics and professionalism, the Corporation has adopted Lobbying and Advocacy Policy to govern the Corporation's activities relating to public policy, participation in industry groups and lobbying and political contributions. The Policy requires transparency with stakeholders with respect to the Corporation's activities in relation to public policy matters and requires that the Corporation disclose a list of industry group memberships that it maintains to which the Corporation pays annual dues greater than \$5,000 and which may participate

in lobbying activities. The Policy also requires compliance with all applicable laws respecting lobbying, including the *Lobbying Act* (Canada) and the *Lobbyists Act* (Alberta). The Corporation maintains the required registrations of lobbying communications with public office holders, including reporting of employees who are lobbyists for or on behalf of the Corporation and maintaining internal procedures and protocol to ensure compliance.

The Corporation does not make contributions, financial or in kind, to political parties, committees or candidates and does not expressly support or advocate on behalf of such political parties, committees or candidates. Directors, officers and employees of the Corporation may make political contributions or become involved in political activities provided such contributions and activities are undertaken on their own behalf, on a personal level, and not as a representative of the Corporation.

All directors, officers and employees of the Corporation are required to acknowledge their understanding of and compliance with this Policy upon appointment to their position or the commencement of their employment with the Corporation and annually thereafter. The Corporation also requires its third-party contractors and consultants to abide by these same principles.

The Lobbying Policy is available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" - "Governance".

### *Human Rights Policy Statement*

In support of the Business Conduct Charter, the Corporation has adopted a Human Rights Policy Statement to ensure that the Corporation's directors, officers, employees and consultants, as well as the Corporation's suppliers and service providers, uphold and respect human rights as reflected in the UN Universal Declaration of Human Rights and the Canadian Charter of Rights and Freedoms in their business practices. The Corporation is committed to compliance with all laws, regulations, rules and standards concerning respect for human rights of each country in which the Corporation conducts business. In addition, the Corporation is committed to ensuring that human rights are respected in the conduct of all of its activities, including prohibiting discrimination of minorities, whether based on gender, race or other minority status; prohibiting child labour, forced, involuntary, compulsory or slave labour, or modern slavery practices; respecting fundamental freedoms of all individuals, including freedom of thought, belief, opinion and expression, the freedom of peaceful assembly, the freedom of association and collective bargaining and other rights and freedoms; ensuring safe working conditions for all employees and contracts in accordance with applicable laws and best industry practices; and ensuring its security policies and guidelines are consistent with applicable laws and best industry practices.

The Human Rights Policy Statement is available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" - "Governance".

### *Indigenous Peoples Policy*

The Corporation is committed to maintaining and strengthening long-term relationships with Indigenous peoples and communities. The Corporation adopted an Indigenous Peoples Policy in 2021. The key principles of the policy are:

- Acknowledge the importance of both the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) within the Canadian legal framework and the 94 Calls to Action in the Final Report from the Truth and Reconciliation Commission of Canada, in recognizing the role that the corporate sector can play in the path towards reconciliation;
- Foster a work environment that recognizes the importance of learning from and respecting the cultures in which the Corporation operates, in order to create an inclusive work environment and a better relationship with Indigenous peoples and communities;
- Engage in an early, inclusive and collaborative consultation process that meets or exceeds governmental standards but also the unique needs of each community through meaningful engagement throughout the life of the project; and
- Commit to working with Indigenous peoples to achieve benefit from MEG's operations on their traditional land, through opportunities in procurement, employment, business development, training, education and community development.

These key principles are a shared responsibility involving all of the Corporation's directors, executives, employees and contractors. The Corporation's Executive ESG Committee is responsible for establishing and annually reviewing measurable objectives for achieving sustainable relationships with Indigenous peoples and communities based upon the foregoing policies.

## Shareholder Engagement

The Corporation has adopted a Shareholder Engagement Policy which outlines how Shareholders can communicate with the Board and management. The Corporation understands that regular and constructive communications with Shareholders and stakeholders is an important part of creating a candid and productive dialogue. The Corporation regularly engages with its Shareholders and other stakeholders. In addition to accurate and consistent public reporting, the Corporation carries out its Shareholder and stakeholder engagement activities through a variety of methods, including its annual Shareholder meeting, management road shows, investor conferences, industry-specific conferences and one-on-one meetings. The Corporation hosts a dial-in conference call every quarter that is open to the public and includes a question and answer period. The Corporation also asks investors for feedback at all engagement opportunities, as well as by email and by telephone.

The Corporation's directors are also available to meet directly with Shareholders, as appropriate. Interested parties can contact our board members through the corporate secretary at the address below. Board members in attendance at the Corporation's annual Shareholder meeting are available to respond to questions and receive feedback from investors.

Chair of the Board of Directors  
c/o Corporate Secretary  
MEG Energy Corp.  
21st Floor, 600 – 3rd Avenue S.W.  
Calgary, Alberta T2P 0G5

Shareholders can also contact our Investor Relations department any time by letter, email at [invest@megenergy.com](mailto:invest@megenergy.com), or by telephone at 403-767-0515.

The Corporation's Shareholder Engagement Policy is available on the Corporation's website at [www.megenergy.com](http://www.megenergy.com) under "About Us" – "Governance".

## Indebtedness of Directors and Executive Officers

The Corporation is not aware of any individuals who are either current or former executive officers, directors or employees of the Corporation and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Corporation or otherwise) that is owing to (i) the Corporation, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

Except for (i) indebtedness that has been entirely repaid on or before the date of this Circular, and (ii) "routine indebtedness" (as defined in Form 51-102F5 to National Instrument 51-102 – *Continuous Disclosure Obligations*), the Corporation is not aware of any individuals who are, or who at any time during 2022 were, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation, or an associate of any of those directors, executive officers, or proposed nominees, who are, or have been at any time since January 1, 2022, indebted to the Corporation, or whose indebtedness to another entity is, or at any time since January 1, 2022 has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## Interest of Informed Persons in Material Transactions

There has been no transaction since January 1, 2022, and there is no proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries in respect of which any "informed person" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, any proposed nominee for director of the Corporation, or any associate or affiliate of any of such persons had a direct or indirect material interest.

## Additional Information

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's financial statements and management's discussion and analysis ("MD&A") for the Corporation's most recently completed financial year. Additional information relating to the Corporation is contained in the Corporation's Annual Information Form. Copies of the financial statements, MD&A and the Annual Information Form of the Corporation are available on MEG's website, [www.megenergy.com](http://www.megenergy.com) under "Investors", "Financial Information" and on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact our Investor Relations department any time by email at [invest@megenergy.com](mailto:invest@megenergy.com) or by telephone at 403-767-0515 to request a copy of the Corporation's financial statements and MD&A for the financial year ended December 31, 2022.

## Advisories

### Non-GAAP Financial Measures and Other Financial Measures

Certain financial measures in this Circular are non-GAAP financial measures or ratios supplementary financial measures and capital management measures. These measures are not defined by IFRS and, therefore, may not be comparable to similar measure provided by other companies. These non-GAAP and other financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS.

#### *Net Debt*

Net debt is a capital management measure and is defined in the Corporation's annual financial statements. Net debt is an important measure used by management to analyze leverage and liquidity. Net debt is calculated as long-term debt plus current portion of long-term debt less cash and cash equivalents. A reconciliation of current and long-term debt to net debt is available in section 16 "Non-GAAP and Other Financial Measures" in MEG's annual 2022 MD&A.

#### *Adjusted Funds Flow and Free Cash Flow*

Adjusted funds flow and free cash flow are capital management measures and are defined in the Corporation's consolidated financial statements. Adjusted funds flow and free cash flow are presented to assist management and investors in analyzing operating performance and cash flow generating ability. Funds flow from operating activities is an IFRS measure in the

Corporation's consolidated statement of cash flow. Adjusted funds flow is calculated as funds flow from operating activities excluding items not considered part of ordinary continuing operating results. By excluding non-recurring adjustments, the adjusted funds flow measure provides a meaningful metric for management and investors by establishing a clear link between the Corporation's cash flows and cash operating netback. Free cash flow is presented to assist management and investors in analyzing performance by the Corporation as a measure of financial liquidity and the capacity of the business to repay debt and return capital to shareholders. Free cash flow is calculated as adjusted funds flow less capital expenditures. A reconciliation of adjusted funds flow is available in section 16 "Non-GAAP and Other Financial Measures" in MEG's annual 2022 MD&A.

### *Non-energy Operating Costs*

Non-energy operating costs is a supplementary financial measure as it represents a portion of operating expenses. Non-energy operating costs relate to production-related operating activities. Per barrel amounts are based on bitumen sales volumes.

### *Enterprise Value*

Enterprise value is a non-GAAP measure. Its terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. This non-GAAP financial measure should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. It is presented as a comparison to peers for the purposes of gathering an appropriate peer group for compensation benchmarking. Enterprise value is calculated as net debt (described above) plus market capitalization. Market capitalization is the Corporation's common share price multiplied by the number of outstanding shares.

## Forward-Looking Information

This Circular contains forward-looking statements and other information (collectively "forward-looking information") about the Corporation's current expectations, estimates and projections, made in light of the Corporation's experience and perception of historical trends. This forward-looking information is identified by words such as "believe", "expect", "goal", "plan", "future", "target", "focus", "potential", "may" or similar expressions and includes suggestions of future outcomes. In particular, and without limiting the foregoing, this Circular contains forward looking statements with respect to: the Corporation's 2023 strategy and focus; the focus and objectives of the Corporation's compensation programs; the Corporation's intention to allocated approximately 50% of free cash flow to shareholder returns with the remaining cash flow applied to ongoing debt reduction until the Corporation reaches its near-term debt target of US\$600 million; the Corporation's focus on the delivery of safe and reliable operations from the Christina Lake asset and continued investment in its Safety Leadership Development Program and its operational excellence initiatives; the Corporation's focus on its ESG priorities including a continued focus on advancing the Corporation's decarbonization initiatives; human capital development; and diversity, equity and inclusion; the CEO's 2023 objectives; and the Corporation's 2023 corporate scorecard. Readers are cautioned not to place undue reliance on forward-looking information as the Corporation's actual results may differ materially from those expressed or implied. Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to the Corporation and others that apply to the industry generally. The factors or assumptions on which the forward-looking information is based include assumptions disclosed in the Corporation's Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com) and other risks and uncertainties that could cause the Corporation's actual results to differ materially, as identified in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2022. Information on or connected to the Corporation's website, [www.megenergy.com](http://www.megenergy.com), does not form part of this Circular.

## APPENDIX A

### Board of Directors Mandate

#### 1. STEWARDSHIP

The board of directors (the "Board") of MEG Energy Corp. (the "Corporation") is responsible for the overall stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

#### 2. COMPOSITION AND OPERATION

The Board operates by reserving certain powers to itself and delegating certain of its authorities to management. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, determining independence of Board members (as defined in Section 2.1 of Canadian Securities Administrators National Policy 58-201 "Corporate Governance Guidelines"), constituting committees of the Board, determining director compensation, discussing matters of interest separate from and independent of any influence from management at each meeting of the Board, and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Alberta) (the "ABCA"), the Board may constitute committees of the Board and seek the advice of, and delegate powers, duties and responsibilities to, its committees and management.

#### 3. RESPONSIBILITIES

The Board's primary responsibilities are to preserve and enhance long-term shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a safe and environmentally responsible manner. In performing its duties, the Board should also consider the legitimate interests that other stakeholders, such as employees, customers and communities, may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination and monitoring, communication planning, compensation policies and guidelines, and internal control integrity. More specifically, the Board is responsible for

- (a) to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the "CEO") and other officers and that the CEO and other officers create a culture of integrity throughout the Corporation,
- (b) adopting a strategic planning process and approving, on an annual basis, a business plan for the Corporation that takes into account, among other things, the opportunities and risks of the business,
- (c) developing the Corporation's approach to enterprise risk management (ERM), including identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks,
- (d) succession planning, including appointing, training and monitoring senior management,
- (e) adopting a communication policy for the Corporation,
- (f) monitoring the integrity of the Corporation's internal control and management information systems,
- (g) developing the Corporation's approach to environmental, social and governance (ESG) risks and opportunities,
- (h) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation,
- (i) developing the Corporation's compensation policies and guidelines and the Corporation's goals and objectives relevant to compensation, and
- (j) on an individual basis, attending Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of the Corporation established by the Board.

In discharging these responsibilities and the specific duties set out below, the Board will utilize and direct management of the Corporation to the extent the Board considers to be appropriate.

#### 4. SPECIFIC DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories.

##### 4.1 Legal Obligations

- (a) The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for the preparation and maintenance of the Corporation's documents and records.
- (b) The Board has the statutory obligation to
  - (i) manage or supervise the management of the business and affairs of the Corporation, and

- (ii) act in accordance with the provisions of the ABCA and the regulations thereunder, the Corporation's articles and by-laws, and other relevant legislation and regulations.
- (c) Each director of the Corporation in exercising the director's powers and discharging the director's duties has the statutory obligation to
  - (i) act honestly and in good faith with a view to the best interests of the Corporation, and
  - (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (d) The Board has the statutory obligation to consider the following matters as a board of directors and may not delegate to management or to a committee of the Board any authority with respect to these matters:
  - (i) submit to the shareholders any question or matter requiring the approval of the shareholders,
  - (ii) fill a vacancy among the directors or in the office of auditor,
  - (iii) appoint additional directors,
  - (iv) issue securities except in the manner and on the terms authorized by the Board,
  - (v) declare dividends,
  - (vi) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Board,
  - (vii) pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation,
  - (viii) approve a management proxy circular relating to a solicitation of proxies by or on behalf of the management of the Corporation,
  - (ix) approve any annual financial statements of the Corporation and any interim financial statements that are required to be placed before the shareholders at an annual meeting held more than six months after the first day of a financial year, and
  - (x) adopt, amend or repeal by-laws.

#### 4.2 Reserves

- (a) The Board or a committee of the Board is responsible for the preparation and presentation of reserves data and other information associated with oil and gas activities and shall review, with reasonable frequency, the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with the disclosure requirements and restrictions contained in National Instrument 51-101 ("NI 51-101").
- (b) The Board or a committee of the Board is responsible for reviewing, with reasonable frequency, the Corporation's procedures for providing information to the qualified reserves evaluator or auditor who reports on reserves data.
- (c) Before approving the filing of reserves data and the report of a qualified reserves evaluator or auditor thereon, the Board or a committee of the Board shall meet with management and the qualified reserves evaluator or auditor to
  - (i) determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation, and
  - (ii) review the reserves data and the report of the qualified reserves evaluator or auditor.
- (d) As required by applicable law, the Board shall review and approve
  - (i) the content and filing of the Corporation's statements of reserves data and other oil and gas information on Form 51-101F1,
  - (ii) the filing of reports on reserves data by qualified reserves evaluators or auditors on Form 51-101F2, and
  - (iii) the content and filing of reports of management and directors on oil and gas activities on Form 51-101F3.

#### 4.3 Strategic Planning

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management directly or through its committees in approving the strategic plans by which the Corporation proposes to achieve its goals.

#### 4.4 Risk Management

The Board is responsible for

- (a) understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation,
- (b) overseeing the Corporation's enterprise risk management program, including its design and structure and assessment of its effectiveness,
- (c) overseeing the Corporation's principal risks directly or, where the Board determines it to be appropriate, delegating the oversight of certain individual risks to a committee of the Board,
- (d) approving management's approach to enterprise risk management and its mitigation practices, including the identification, assessment and mitigation of principal risks, and satisfying itself as to the effective oversight of risk management of individual risks by the Board or its committees through periodic reports from the committee chair or management, as appropriate, and
- (e) reviewing insurance coverage annually.

#### 4.5 Appointment, Training and Monitoring of Senior Management

The Board is responsible for

- (a) appointing the CEO, monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties,
- (b) approving the appointment and compensation of all other officers of the Corporation, and
- (c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

#### 4.6 Environmental, Social and Governance (ESG) Matters

The Board is responsible, either directly or through its committees, for

- (a) overseeing ESG issues which impact the Corporation, including overseeing and monitoring management systems and processes relating to the identification, assessment and management of ESG risks and opportunities. Environmental considerations include, but are not limited to, climate-related issues, greenhouse gas emissions, air and water impacts, and land and wildlife management. Social considerations include, but are not limited to, human rights, employee wellbeing, relationships with Indigenous communities and local communities, equality, diversity and inclusion, and health and safety,
- (b) developing the Corporation's approach to corporate governance issues, principles, practices and disclosure, including practices to ensure the Board functions independent of management,
- (c) approving and monitoring of a code of business conduct and ethics for directors, officers, employees and contractors,
- (d) overseeing and monitoring of metrics and targets used by the Corporation to assess and manage relevant ESG risks and opportunities, and
- (e) reviewing the Corporation's ESG reports and other reporting on ESG matters.

#### 4.7 Reporting and Communication

The Board is responsible for

- (a) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally,
- (b) verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders, regulators and the public on a timely and regular basis,
- (c) verifying that the Corporation's financial results are prepared and reported fairly and in accordance with generally accepted accounting principles,
- (d) verifying the timely reporting of any other developments that have a material effect on the Corporation, and
- (e) reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

The Board assigns to the chair of the Board and the CEO responsibility for bringing to the attention of the Board feedback received by them from shareholders and other stakeholders of the Corporation. To encourage and facilitate such feedback, instructions for submitting feedback will be disclosed annually in the Corporation's management information circular and will be posted on the Corporation's web site.



#### 4.8 Monitoring and Acting

The Board is responsible for

- (a) verifying that the Corporation operates at all times within applicable laws and regulations to the highest ethical standards,
- (b) approving annual operating and capital budgets and amendments thereto outside of the range of delegation authorities,
- (c) approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated,
- (d) verifying that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and regulations,
- (e) verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace,
- (f) monitoring the Corporation's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,
- (g) taking action when the Corporation's performance falls short of its goals and objectives or when other circumstances warrant action,
- (h) verifying that the Corporation has implemented adequate information systems, disclosure controls and procedures, and internal control over financial reporting,
- (i) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to perform its duties effectively,
- (j) adopting a written business conduct charter and monitoring compliance with the charter, and
- (k) conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

#### 4.9 Other

The Board may exercise or delegate any other powers consistent with this mandate, the Corporation's articles and by-laws, and any governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. At each meeting of the Board, the independent directors shall have a meeting in the absence of non-independent directors and members of management.

### 5. REVIEW

This mandate will be reviewed by the Governance and Nominating Committee of the Board annually or, where circumstances warrant, at such shorter interval as necessary, to determine if further additions, deletions or other amendments are required.

Approved by the Board on October 26, 2020.

Last reviewed and approved by the Governance and Nominating Committee on November 10, 2022.

## APPENDIX B

### Summary of DSU Plan, Option Plan and RSU Plans

#### *DSU Plan*

The DSU Plan authorizes the Board to grant DSUs to directors (individually a "Participant" and collectively "Participants") of the Corporation or any of its affiliates (the "Corporate Group"). The purpose of the DSU Plan is to provide directors with the opportunity to be credited with DSUs thereby allowing them to participate in the long-term success of the Corporation and promoting a greater alignment of interests between the directors and shareholders of the Corporation. In addition, the DSU Plan provides a compensation system for directors that, together with the other director compensation mechanisms of the Corporation, are reflective of the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board. The material terms of the DSU Plan are summarized below:

#### *Definition of DSU*

A DSU is a unit of participation in the DSU Plan, equivalent in value to a Common Share at the time of grant, and credited by means of a bookkeeping entry to a Participant's account, each of which entitles the holder thereof, at the time specified in the DSU Plan, to receive the cash equivalent of one Common Share or, if the Corporation so determines, in its discretion, a Common Share acquired on the open market, subject to the provisions of the Plan.

#### *Administration*

The DSU Plan is administered by the Administrator (as defined below) or its designated third-party service provider, which has full authority to: (a) interpret the DSU Plan and establish, amend and rescind any rules and regulations relating to the DSU Plan; and (b) make such determinations as it considers necessary or desirable for the administration of the DSU Plan. The "Administrator" is, to the extent permitted by law and subject to regulatory approval, the Board, any committee of the Board or any one or more persons to whom the Board delegates any or all of its administrative responsibilities under the DSU Plan.

#### *Grant of DSUs and Redemption*

The Board may, subject to the terms of the DSU Plan, grant such number of DSUs to a director as the Board determines to be appropriate in respect of the services the director renders to the Corporation as a member of the Board. The Board shall determine the date on which such DSUs shall be granted and credited to a Participant's account and such date shall be the award date. Unless otherwise specified by the Board, DSUs credited to a Participant's account shall be fully vested at the time awarded.

On the earlier of (a) December 15 of the first calendar year starting after the date on which a Participant ceases to be a director of a member of the Corporate Group, and (b) the fifth business day following the date on which a Participant delivers a redemption notice, or, in respect of a US Participant, on the date such US Participant ceases to be a director of a member of the Corporate Group (as applicable, the "Redemption Date"), the Participant shall become entitled to receive from the Corporation a cash payment equal to the product of the number of DSUs recorded in the Participant's account multiplied by the Market Price on the Redemption Date, less applicable withholding taxes or, if a redemption notice has been delivered, the product of the number of DSUs specified in such redemption notice multiplied by the Market Price on the Redemption Date, less applicable withholding taxes. A Participant, other than a US Participant, may deliver up to two redemption notices prior to the date specified in (a) above.

Subject to the terms of the DSU Plan and the receipt of all necessary shareholder approvals as required under the rules, regulations and policies of the TSX and any other stock exchange on which the Common Shares are then listed or traded, the Corporation may, in lieu of the cash payment, elect to acquire, through a broker designated by the Participant who is independent of the Corporation, on behalf of such Participant, the number of whole Common Shares that is equal to the number of whole DSUs recorded in the Participant's account on the Redemption Date, less applicable withholding taxes. In such a case, the Corporation shall contribute to such broker an amount of cash sufficient to purchase the whole number of Common Shares to which the Participant is entitled, and the broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such Participant, through the facilities of the TSX (or other stock exchange on which the Common Shares are listed or traded).

All amounts payable to or in respect of a Participant shall be paid or delivered on or before December 31 of the calendar year commencing immediately following the Termination Date of such Participant.

No payment in respect of DSUs credited to a Participant may be made until such Participant's Redemption Date.

#### *Transfers and Assignments*

DSUs may not be transferred, assigned, sold, encumbered, pledged or charged except as required by law or as contemplated in the DSU Agreement.

#### *Adjustments in Connection with an Alteration of the Common Shares*

In the event of any subdivision, consolidation or distribution of Common Shares to the shareholders of the Corporation (excluding by way of dividend payment in the ordinary course or a distribution of Common Shares under any compensation arrangement of the Corporation or any of its subsidiaries or other affiliates controlled by the Corporation, that contemplates the issuance of Common Shares from treasury), or upon a capital reorganization, reclassification, exchange, or other change with respect to the

Common Shares, or a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person, or a sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders (other than by way of dividend payment in the ordinary course), then the account of each Participant and the DSUs outstanding under the DSU Plan shall be adjusted in such manner, if any, as the Board deems appropriate in order to preserve, proportionally, the interests of Participants under the DSU Plan, provided that the dollar value of DSUs credited to a Participant's account immediately after such an adjustment shall not exceed the dollar value of the DSUs credited to such Participant's account immediately prior thereto and provided further that the value of DSUs shall always depend on the fair market value of shares in the capital stock of the Corporation. All adjustments shall, at all times, be such that the DSU Plan and any DSUs continuously comply with the requirements of paragraph (d) of Regulation 6801 to the Tax Act.

#### *Blackout Periods*

If the Redemption Date occurs during a Blackout Period or within three business days of the expiry of a Blackout Period, then the Redemption Date shall be the earlier of: (i) the 10th business day after expiry of the Blackout Period; and (ii) December 15th of the calendar year commencing immediately following the date on which the Participant ceases to be a director of a member of the Corporate Group (the "Termination Date"), provided that, under no circumstances, shall the Redemption Date be later than December 15th of the calendar year commencing immediately following such Termination Date.

#### *Amendment, Suspension or Termination*

The Board may amend, suspend or terminate the DSU Plan, or any portion thereof, without shareholder approval, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX, if any), that require the approval of shareholders, or any governmental or regulatory body be obtained.

The Board may not, without the consent of any affected holder of a DSU, alter or impair any of the rights or obligations under any DSUs previously granted under the DSU Plan.

Any amendment, suspension or termination of the Plan shall be such that the Plan and the DSUs granted thereunder continuously satisfy the requirements of paragraph (d) of Regulation 6801 to the Tax Act.

The DSU Plan will finally cease to operate for all purposes when the last remaining Participant receives payment in respect of all DSUs recorded in the Participant's account.

#### *Corporation Adjustments and the DSU Plan*

The existence of any outstanding DSUs shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, units or other securities of the Corporation or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### *Option Plan*

The Option Plan authorizes the Board to grant options to purchase Common Shares ("Options") to officers, employees and consultants of the Corporation and any of its subsidiaries and the Option Plan also governs Options granted to directors of the Corporation or any of its subsidiaries prior to June 2, 2016 (such officers, employees, consultants and such directors only in respect of Options granted prior to June 2, 2016, each individually a "Service Provider" and collectively "Service Providers"). The purpose of the Option Plan is to provide an effective long-term incentive for the Service Providers from time to time.

#### *Administration*

The Option Plan permits the granting of Options to officers, employees and consultants of the Corporation and its subsidiaries (the "Corporate Group") from time to time. The Option Plan is administered by the Board, any committee of the Board or any other one or more persons to whom the Board delegates any or all of its administrative responsibilities under the Option Plan.

#### *Certain Restrictions*

The Option Plan limits the number of Common Shares that may be issued on exercise of Options to 5% of the number of Common Shares which are issued and outstanding from time to time, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporate Group. Any Common Shares, the Options in respect of which have been exercised, or which have expired or terminated for any reason without having been exercised in full, shall be available for grant pursuant to subsequently issued Options. Pursuant to the TSX rules, shareholder approval with respect to all unallocated Options under the Option Plan is required to be sought by the Corporation every three years following the initial adoption of the Option Plan. Such approval was last obtained at the annual and special meeting of Shareholders held in 2019.

The Option Plan contains the following limitations: (a) the aggregate number of Common Shares issuable to any one Service Provider under the Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (b) the aggregate number of Common Shares issuable to insiders (as such term is referred to in the policies of the TSX) under the Option Plan and all other security based compensation arrangements of

the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (c) during any one-year period, the aggregate number of Common Shares issued to insiders under the Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; and (d) subsequent to June 2, 2016, directors of any member of the Corporate Group who are not employees of any member of the Corporate Group shall not be eligible to receive grants of Options. The restrictions referred to in (b) through (d) above are referred to as the "Stock Option Plan Insider and Independent Director Participation Restrictions."

#### *Exercise Price*

The exercise price of Options shall not be lower than the volume weighted average trading price of the Common Shares traded through the facilities of the TSX for the five trading days on which the Common Shares traded immediately preceding the grant date (the "Market Price"). In the event the Common Shares are not then listed and posted for trading on the TSX or any other stock exchange in Canada, the Market Price shall be the fair market value of the Common Shares as determined by the Board, in its discretion, acting reasonably and in good faith.

No holder of Options shall be entitled to, offered or provided by the Corporation any financial assistance of any kind for the purpose of exercising any Options granted pursuant to the Option Plan.

#### *Term and Vesting*

Unless otherwise determined by the Board and subject to any other provisions of the Option Plan which operate to shorten the term within which Options may be exercised, Options may be exercised for a term not exceeding 10 years from the date of grant. Upon expiration, unexercised Options become null and void. The Corporation sets the vesting schedule of Options at the date of grant. The Corporation's general practice since being public has been to grant Options that are scheduled to vest at a rate of one-third on or about each of the first three anniversary dates of the grant and that are scheduled to expire seven years from the date of the grant. The Corporation intends to maintain its current practice and not grant any Options which are scheduled to vest materially less than one year from the date of the grant.

Each grant of an Option will be set forth in a grant agreement containing the applicable terms or conditions required in the Option Plan and such other terms and conditions as the Corporation may deem appropriate. Without limiting the generality of the foregoing, such additional terms and conditions may include terms or conditions relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies; (c) the financial performance or results of the Corporation or a subsidiary; (d) the achievement of performance criteria relating to the Corporation or a subsidiary; and (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting, each of which shall be set out in a Grant Agreement. The conditions may relate to all or a portion of the Options in a grant and may be graduated such that different percentages (which may be greater or lesser than 100%) of the Options in a grant will become vested depending on the extent of satisfaction of one or more such conditions. The Board may, in its discretion, subsequent to the Grant Date of an Option, waive any such term or condition, other than performance criteria, or determine that it has been satisfied subject to applicable law.

#### *Early Termination*

If a holder of Options ceases to be a Service Provider:

- by reason of death, all outstanding unvested Options held by such holder will vest and be immediately exercisable. Only the person(s) to whom the holder's rights under the Options pass by the holder's will, or applicable law, will have the right to exercise the holder's outstanding and vested Options at any time up to and including (but not after) the expiry date of such Options;
- by reason of retirement, all outstanding unvested Options held by such holder will be governed by the policies of the Corporation in effect at the time the Participant ceases to be a Service Provider due to retirement;
- by reason of termination for cause, all Options held by such holder will be forfeited and rendered null and void;
- by reason of voluntary resignation, such holder shall have the right to exercise part or all of their outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the date which is 60 days following the date of such holder's resignation; and (ii) the expiry date of the vested Options; or
- by any reason other than the death, retirement, termination for cause or voluntary resignation, such holder will have the right to exercise part or all of their outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the date which is 120 days following the date that such holder ceased to be a Service Provider; and (ii) the expiry date of the vested Options.

#### *Transfers and Assignments*

Options may not be transferred or assigned, other than for normal estate settlement purposes. Subject to the requirements of applicable law, a holder may designate in writing an individual as a beneficiary to receive the right, upon the death of such holder, to exercise part or all of the holder's outstanding and vested Options at any time up to and including (but not after) the expiry date of the Options. The holder may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

#### *Adjustment in Connection with an Alteration of the Common Shares*

In the event: (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (b) that any rights are granted to all or substantially all shareholders to purchase Common Shares at prices substantially below the Market Price of the Common Shares at the time; or (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities or property; then the Board may make such adjustments to the Stock Option Plan, to any Options and to any related agreements outstanding under the Option Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to holders of Options and/or to provide for the holders to receive and accept such other securities or property in lieu of Common Shares, and the holders shall be bound by any such determination. If the Corporation fixes a record date for a distribution to all or substantially all the holders of Common Shares of cash or other assets (other than a dividend in the ordinary course of business), the Board may, in its sole discretion, but for greater certainty shall not be required to, make adjustments to the exercise price of any Options outstanding on the record date for such distribution, and make such amendments to any option agreements outstanding under the Option Plan to give effect thereto as the Board may, in its sole discretion, consider appropriate in the circumstances. Any and all adjustments are subject to TSX approval.

#### *Adjustment in Connection with Certain Corporate Events*

Except in the case of a transaction that is, or if completed in accordance with its terms would result in, a Change of Control (as that term is defined under the heading "*Acceleration of Vesting on Change of Control*" below) of the Corporation, if the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the assets of the Corporation would become the property of any other trust, body corporate, partnership or other person (a "Successor"), whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Board may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Corporation under the Option Plan and the related option agreements outstanding on consummation of such transaction. Any such Successor will succeed to, and be substituted for, and may exercise every right and power of the Corporation under the Stock Option Plan and the related option agreements with the same effect as though the Successor had been named as the Corporation in the Stock Option Plan and the related option agreements, and thereafter the Corporation will be relieved of all obligations and covenants under the Stock Option Plan and such related option agreements and the obligations of the Corporation to the holders of Options in respect of the Options shall terminate and such holders shall cease to have any further rights in respect thereof.

#### *Acceleration of Vesting on Change of Control*

In respect of Options granted prior to June 13, 2019 only, in the event of a Change of Control or a determination by the Board that a Change of Control is expected to occur, all outstanding Options shall vest and be immediately exercisable and, to the extent a Service Provider's termination date has not occurred on or before the Change of Control which results in an earlier expiration of such Service Provider's Options, each holder shall have the right to exercise such Options at any time up to and including (but not after) the earlier of: (i) the date which is 90 days following the date of such Change of Control, or such earlier time as may be established by the Board, in its absolute discretion; and (ii) the expiry date of such Options. A "Change of Control" occurs upon the happening of any of the following: (i) the acquisition by whatever means by a person or persons acting jointly or in concert, directly or indirectly, of the beneficial ownership of, or control or direction over, more than 50% of the issued and outstanding Common Shares (other than pursuant to certain bona fide reorganizations); (ii) the passing of a resolution by the shareholders of the Corporation to substantially liquidate the assets or wind-up or significantly rearrange the affairs of the Corporation (other than pursuant to certain bona fide reorganizations); (iii) the sale by the Corporation of all or substantially all of its assets (other than to an affiliate of the Corporation); (iv) individuals who were proposed as nominees to become directors of the Corporation immediately prior to a meeting of the shareholders of the Corporation involving a contest for, or an item of business relating to the election of directors of the Corporation, not constituting a majority of the directors of the Corporation following such election; or (v) any other event which, in the opinion of the Board, reasonably constitutes a change of control of the Corporation.

In respect of Options granted on or after June 13, 2019 only, in the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, a Service Provider ceases to be a Service Provider as a result of involuntary termination, other than termination for cause, all outstanding Options granted to such terminated Service Provider shall vest and be immediately exercisable and such Service Provider shall have the right to exercise the Options at any time up to and including (but not after) the earlier of: (i) the date which is one-hundred twenty(120) days following such termination date; and (ii) the Expiry Date of the Options.

In the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, the Option Plan is terminated by the Corporation, all outstanding Options shall vest on the effective date of discontinuance of the Option Plan and be immediately exercisable and each holder shall have the right to exercise the Options at any time up to and including (but not after) the earlier of: (i) the date which is one hundred and twenty (120) days following the effective date of discontinuance of the Plan; and (ii) the Expiry Date of the Options.

In the event that the Board passes a resolution approving, or the Corporation enters into an agreement providing for a transaction which, if completed, would constitute a Change of Control, the Board may at its discretion resolve to permit holders of Options to exercise all unexercised vested Options and any unvested Options which would vest on Change of Control, conditional upon the occurrence of the Change of Control, for the purpose of, as applicable, tendering the underlying Common Shares to the take-

over bid or voting such Common Shares in respect of the resolution(s) pertaining to the transaction that would give rise to the Change of Control.

#### *Take-Over of the Corporation*

In the event of: (i) the acquisition by any person or group of persons acting jointly or in concert, directly or indirectly, of such number of Common Shares as entitle such person(s) to acquire, pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (Alberta) or such other comparable legislation applicable to the Corporation at the time, all remaining Common Shares not already acquired by the person(s); or (ii) the receipt of all required shareholder, regulatory and court approvals for an amalgamation, arrangement, consolidation, merger or other business combination pursuant to which such person(s) will, directly or indirectly, upon completion thereof, acquire all of the issued and outstanding Common Shares, the Corporation may at its election, effective on the sending of notice to the remaining holders of Options, terminate such Options for their in-the-money value (based upon the consideration offered under the transaction), payable in Common Shares.

#### *Blackout Period*

In the event that an Option expires: (i) during the period within which the holder is prohibited from exercising or trading securities of the Corporation due to trading restrictions imposed by the Corporation on such holder (the "Blackout Period"); or (ii) within three business days after the expiry of the Blackout Period, then the expiry date for that Option will be the date that is the tenth business day after the expiry of the Blackout Period.

#### *Amendments*

The Option Plan specifies that the Board shall have the power and authority to discontinue the Option Plan and to approve amendments to the Option Plan or to Options, without the approval of Shareholders including, without limitation, for any of the following types of amendments: (i) amendments for the purpose of curing any ambiguity, error or omission in the Option Plan or Options, or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan; (ii) amendments necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed; (iii) amendments respecting administration of the Option Plan; (iv) amendments of a "housekeeping" nature; (v) the addition of any form of financial assistance for holders of Options; (vi) changes to the terms and conditions on which Options may be or have been granted pursuant to the Option Plan, including a change to, or acceleration of, the vesting provisions of Options; (vii) amendments to the treatment of Options on ceasing to be a Service Provider; and (viii) a change to the termination provisions of Options or the Option Plan which does not entail an extension beyond the original expiry date.

The Option Plan also specifies amendments that require shareholder approval, including: (i) increasing the maximum number of Common Shares issuable pursuant to the Option Plan; (ii) reducing the exercise price of any New Option or cancelling an Option and subsequently issuing the holder of such Option a new Option in replacement thereof; (iii) extending the term of an Option; (iv) modifying or amending the Option Plan to permit Options to be transferable or assignable, other than for normal estate settlement purposes; (v) adding to the categories of eligible Service Providers under the Option Plan; (vi) removing or amending the Option Plan Insider and Independent Director Participation Restrictions; (vii) amending the amendment provisions of the Option Plan; and (viii) any other amendment to the Option Plan where shareholder approval is required by the TSX.

Subject to the above, the Board may add to, delete from, alter or otherwise amend the provisions of the Option Plan or any Options held thereunder or terminate the Option Plan, provided that: (i) no amendment may, without the written consent of the holder of an Option, materially and adversely impair, alter or amend any Option previously granted to such holder; and (ii) a termination of the Option Plan shall not derogate from the rights of holders of Options held prior to the date of such termination, unless otherwise consented to by such holders.

#### *RSU Plans*

The Treasury-Settled RSU Plan authorizes the Board to grant restricted share units ("RSUs") to directors, officers, employees and consultants of the Corporation and any of its subsidiaries (such directors, officers, employees and consultants each individually a "Participant" and collectively "Participants"). RSUs also may be granted under the Treasury-Settled RSU Plan as PSUs, to the extent performance conditions are attached. The purpose of the Treasury-Settled RSU Plan is to provide Participants with the opportunity to acquire a proprietary interest in the growth and development of the Corporation that will be aligned with the interests of the Shareholders, to enable the creation of incentives for Participants to meet certain performance criteria that are aligned with the long-term interests of the Shareholders, to associate a portion of the Participant's compensation with the returns of Shareholders over the medium term, and enhance the Corporation's ability to attract, retain and motivate key personnel and reward directors, officers and employees for significant performance.

#### *Administration*

The Treasury-Settled RSU Plan is administered by the Board, which has the sole and complete authority, in its discretion, to: (a) interpret the Treasury-Settled RSU Plan and the agreements under which RSUs are granted (the "Grant Agreements") and prescribe, modify and rescind rules and regulations relating to the Treasury-Settled RSU Plan and the Grant Agreements; (b) correct any defect or supply any omission or reconcile any inconsistency in the Treasury-Settled RSU Plan in the manner and to the extent it considers necessary or advisable for the implementation and administration of the Treasury-Settled RSU Plan; (c) exercise rights reserved to the Corporation under the Treasury-Settled RSU Plan; (d) determine whether and the extent to which any performance criteria or other conditions applicable to the vesting of RSUs have been satisfied; (e) prescribe forms for notices to



be prescribed by the Corporation under the Treasury-Settled RSU Plan; and (f) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Treasury-Settled RSU Plan.

The Board may, to the extent permitted by law, and subject to regulatory approval, delegate any or all of its administrative responsibilities under the RSU Plans to any committee of the Board or any other one or more persons (the "Administrator").

#### *Certain Restrictions*

The Treasury-Settled RSU Plan provides that: (a) the number of Common Shares reserved for issuance from treasury pursuant to the RSUs credited under the Treasury-Settled RSU Plan shall, in the aggregate, equal 5% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporate Group; (b) the aggregate number of Common Shares issuable from treasury to any one Participant under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (c) the aggregate number of Common Shares issuable from treasury to Insiders under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (d) during any one-year period, the aggregate number of Common Shares issued from treasury to Insiders under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (e) the aggregate number of Common Shares issuable to directors of the Corporation who are not employees of the Corporation, together with Common Shares issuable pursuant to any other security based compensation arrangements of the Corporate Group, shall be limited to the lesser of (i) 1% of the issued and outstanding Common Shares, and (ii) maximum annual grants having a value of \$100,000; (f) the Corporation's right to elect to satisfy RSUs by the issuance of Common Shares from treasury will be effective only upon receipt, from time to time, of all necessary approvals of the Treasury-Settled RSU Plan, as amended from time to time, as required by the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded; and (g) if any RSU granted under the Treasury-Settled RSU Plan shall expire, terminate or be cancelled for any reason (including, without limitation, the satisfaction of the RSU by means of a cash payment) without being paid out or settled in the form of Common Shares issued from treasury, any unissued Common Shares to which such RSUs relate shall be available for the purposes of the granting of further RSUs under the Treasury-Settled RSU Plan. If any rights to acquire Common Shares held under any other security based compensation arrangements of a member of the Corporate Group shall be exercised or shall expire or terminate for any reason without having been exercised in full, any unpurchased Common Shares to which such security relates shall be available for the purposes of granting further securities under the Treasury-Settled RSU Plan.

The restrictions referred to in (c) through (e) above are collectively known as "Treasury-Settled RSU Plan Insider and Independent Director Participation Restrictions."

#### *Grant of RSUs and Vesting*

The Corporation may from time to time grant RSUs to a Participant in such numbers, at such times (the "Grant Date") and on such terms and conditions, consistent with the Treasury-Settled RSU Plans, as the Board may in its sole discretion determine; provided, however, that no RSUs will be granted after December 15 of a given calendar year. For greater certainty, the Board shall, in its sole discretion, determine any and all conditions to the vesting of any RSUs granted to a Participant, which vesting conditions may be based on either or both of: (a) the Participant's continued employment with, provision of consulting services to, or work as a director of one or more members of the Corporate Group; or (b) such other terms and conditions including, without limitation, performance criteria, as the Board may determine.

Subject to the terms of the Treasury-Settled RSU Plans, the Board may determine other terms or conditions of any RSUs and shall specify the material terms thereof in the applicable Grant Agreement, which shall be in such form as prescribed by the Board from time to time. Without limiting the generality of the foregoing, such additional terms and conditions may include terms or conditions relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies; (c) the financial performance or results of the Corporation or a subsidiary; (d) the achievement of performance criteria relating to the Corporation or a subsidiary; (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting; and (f) the vesting date, each of which shall be set out in a Grant Agreement. The conditions may relate to all or a portion of the RSUs in a grant and may be graduated such that different percentages (which may be greater or lesser than 100%) of the RSUs in a grant will become vested depending on the extent of satisfaction of one or more such conditions. The Board may, in its discretion, subsequent to the Grant Date of an RSU, waive any such term or condition or determine that it has been satisfied subject to applicable law, unless any such RSUs include performance criteria, in which case vesting shall be determined by an evaluation of the satisfaction of such performance criteria as at such time.

Except as otherwise provided in the Treasury-Settled RSU Plan, the number of RSUs subject to each grant, the Expiry Date (defined below) of each RSU, the vesting dates with respect to each grant of RSUs and other terms and conditions relating to each such RSU shall be determined by the Board. The Board may, in its discretion, subsequent to the time of granting RSUs, permit the vesting of all or any portion of unvested RSUs then outstanding and granted to the Participant under the Treasury-Settled RSU Plan, in which event all such unvested RSUs then outstanding and granted to the Participant shall be deemed to be immediately vested, unless any such RSUs include performance criteria, in which case vesting shall be determined by an evaluation of the satisfaction of such performance criteria as at such time.

RSUs granted will, unless otherwise determined by the Board at the time of the grant, as specifically set out in a Grant Agreement, vest as to one-third on each of the first and second anniversaries of the Grant Date, and the remaining one-third will vest on the



earlier of: (i) the third anniversary of the Grant Date; and (ii) December 15 of the third calendar year following the Service Year in respect of which the RSUs were granted.

#### *Terms of RSUs*

The "Expiry Date" means, with respect to any RSU, the date specified in an applicable Grant Agreement, if any, as the date on which the RSU will be terminated and cancelled or, if later or no such date is specified in the Grant Agreement, December 31 of the third calendar year following the end of the applicable Service Year. Unless the Expiry Date is set as described in this paragraph, the Expiry Date of each RSU shall be determined by the Board, in its discretion.

Except as set forth below, "Termination Date" means, in respect of a Participant, the date that the Participant ceases to be any of: (i) a director of a member of the Corporate Group; or (ii) actively employed by, or providing services as a consultant to, any member of the Corporate Group for any reason, without regard to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment or consulting relationship with any one or more members of the Corporate Group. The Board will have sole discretion to determine whether a Participant has ceased to be a director, ceased active employment or ceased status as a Consultant and the effective date on which the Participant ceased to be a director, ceased active employment or ceased status as a Consultant. A Participant that is a director, or an employee or a Consultant of any member of the Corporate Group will be deemed not to have ceased to be a director, an employee or a Consultant of any member of the Corporate Group in the case of a transfer of their directorship, employment or consulting relationship between members of the Corporate Group or if the Participant is on a Leave of Absence (as defined in the Treasury-Settled RSU Plan).

In respect of US Participants, "Termination Date" means the date of Separation from Service, which is defined as "the Participant's separation from service from the Corporation or any subsidiary within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986. A "US Participant" is a Participant that is (i) a United States citizen or green card holder, or (ii) a United States resident who is subject to United States taxation. If a US Participant is determined to be a "specified employee" (within the meaning of Section 409(A) of the Internal Revenue Code of 1986 and US Department of Treasury regulations and other interpretive guidance issued thereunder "Section 409A") at the time of Separation of Service, no amounts shall be paid to such US Participant pursuant to the Treasury-Settled RSU Plan during the 6 month period following such Separation from Service if payment of such amounts at the time indicated in the Treasury-Settled RSU Plan would be a prohibited distribution under Section 409A. If payment of any such amounts is delayed as a result of the foregoing, then on the first business day following the end of such 6 month period (or the date of the US Participant's death, if earlier, the Corporation shall pay to the US Participant in a lump-sum such amounts as would otherwise have been payable previously).

Subject to the paragraphs below, and to any express resolution passed by the Board, on a Participant's Termination Date, any RSUs granted to such Participant which have not vested on or prior to the Participant's Termination Date will terminate and become null and void as of such date. If a Participant's Termination Date occurs during a Blackout Period (as defined in the Treasury-Settled RSU Plan) and the blackout provisions of the Treasury-Settled RSU Plan have the effect of deferring vesting and payout of RSUs until a date that is beyond the Participant's Termination Date, such Participant's Termination Date will be deemed to be deferred to correspond with such deferred vesting and payout date.

Where a Participant's Termination Date occurs for any reason other than death, retirement or termination for cause, then such Participant shall have the right to be paid out in respect of their outstanding vested RSUs.

Where a Participant's Termination Date occurs by reason of the death of the Participant, then all outstanding RSUs granted to such Participant which are not vested shall become vested RSUs on the date of death and be paid out in accordance with the Treasury-Settled RSU Plan and any applicable grant agreement. Where RSUs impacted by such accelerated vesting have been granted as PSUs, a deemed multiplier of 1.0 will be applied to any PSUs that have not yet become eligible to vest as at the date of death. Only a beneficiary of the Participant shall have the right to be paid out under this paragraph and in accordance with the RSU Plans at any time up to and including (but not after) the Expiry Date of the RSU.

Where a Participant's Termination Date occurs as a result of the Participant's retirement, all outstanding RSUs granted to such Participant which are not vested RSUs shall be governed by the policies of the Corporation in effect at the time of the Participant's Termination Date due to retirement.

Where a Participant's Termination Date occurs by reason of the Participant's termination for cause the Participant shall forfeit any and all rights to hold or be paid out in respect of all RSUs and, for greater certainty, all RSUs, whether they be vested RSUs or not, held by such Participant shall be terminated and rendered null and void.

#### *Transfers and Assignments*

RSUs may not be transferred or assigned, other than for normal estate settlement purposes. Subject to the requirements of applicable law, a Participant may designate in writing an individual as a beneficiary to receive any benefits that are payable under the Treasury-Settled RSU Plan upon the death of the Participant. The Participant may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

### *Cash Payment or Delivery of Common Shares*

The RSU Payment Date, subject to expiry of any Blackout Periods, means, unless the Board selects a different date (which date shall be within the same calendar year that a RSU has vested), the date an RSU has vested, which date shall not, in any event, extend beyond December 15<sup>th</sup> of the third year following the Service Year for any particular RSU.

As soon as practicable following the RSU Payment Date but in any case prior to December 31 of the third year following the Service Year for any particular RSU and provided a Participant's Termination Date has not first occurred, the Corporation will make to a Participant a cash payment equal to the product of the number of vested RSUs recorded in the Participant's account multiplied by the Fair Market Value applicable on the RSU Payment Date, less any applicable withholding taxes. For the purposes of the RSU Plans, "Fair Market Value" means the volume weighted average trading price of the Common Shares on the TSX for the five trading days on which the Common Shares traded immediately prior to the applicable date. In the event the Common Shares are not then listed and posted for trading on the TSX or any other stock exchange in Canada, the Fair Market Value shall be the market price of the Common Shares as determined by the Board in its discretion, acting reasonably and in good faith.

Alternatively, upon the receipt of all necessary shareholder approvals as required under the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded, the Corporation or its subsidiaries may, in lieu of the cash payment, as soon as practicable after the RSU Payment Date, either issue (or, subject to the consent of the Corporation and the Board which may be withheld in its sole discretion, cause to be issued) to the Participant or, through a broker designated by the Corporation (the "Designated Broker"), acquire on behalf of such Participant, the number of whole Common Shares that is equal to the number of whole vested RSUs recorded in the Participant's account on the RSU Payment Date (less any amounts in respect of any applicable withholding taxes). If the Corporation or subsidiary elects to arrange for the purchase of Common Shares by a Designated Broker on behalf of the Participant, the Corporation or subsidiary will contribute to the Designated Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Common Shares to which the Participant is entitled and the Designated Broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such Participant, on the TSX (or any other stock exchange on which the Common Shares are listed or traded).

All amounts payable to, or in respect of, a Participant including, without limitation, the issuance or delivery of Common Shares or cash payment, will be paid or delivered on or before December 31 of the third calendar year commencing immediately following the Service Year in respect of the particular RSU. Upon payment in cash or Common Shares, as the case may be, the particular RSU in respect of which such payment was made will be cancelled.

If the RSU Payment Date occurs during a Blackout Period or within three business days of the expiry of a Blackout Period applicable to the relevant Participant, then the RSU Payment Date shall be the earlier of (i) the 10<sup>th</sup> business day after the expiry of the Blackout Period and (ii) December 15<sup>th</sup> of the third year following the Service Year (or December 15<sup>th</sup> of the calendar year in which the RSU Payment Date occurs in respect of US Participants) for any particular RSU. Where the RSU Payment Date is deemed because of the Blackout Period to be December 15<sup>th</sup> of the third year following the Service Year for any particular RSU, the Participant shall be entitled to only a cash payment and not the delivery of Common Shares, in accordance with the payment provisions of the Treasury-Settled RSU Plan.

### *Adjustments in Connection with an Alteration of the Common Shares*

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders of the Corporation (other than the payment of ordinary course cash or stock dividends in respect of the Common Shares), the number of Common Shares subject to the Treasury-Settled RSU Plan and the RSUs then outstanding thereunder shall be adjusted in such manner, if any, as the Corporation may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the Treasury-Settled RSU Plan. Adjustments shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. Notwithstanding the foregoing, any adjustments shall be subject to the approval of the TSX. All fractional RSUs shall be rounded down.

### *Adjustments for Dividends*

The Board may, in its sole discretion, elect to credit, as a bonus for services rendered in the calendar year containing the payment date for cash dividends paid on Common Shares (the "Dividend Payment Date"), the account of each Participant with additional RSUs. In such case, the number of such additional RSUs to be credited to the Participant's account will be calculated by dividing the total amount of the dividends that would have been paid to such Participant if the RSUs in the Participant's account, as of the record date for payment of such dividends (the "Dividend Record Date"), were Common Shares, by the Fair Market Value on the Dividend Payment Date. However, no RSUs will be credited to a Participant's account in respect of dividends paid on Common Shares where the Dividend Record Date relating to such dividends falls after such Participant's Termination Date, except where vesting of RSUs beyond a Participant's Termination Date is contemplated pursuant to the Treasury-Settled RSU Plan as a result of the Participant's retirement, in which case such Participant's account shall be credited in respect of dividends paid on Common Shares where the Dividend Record Date relating to such dividends falls on a date that is on or prior to the date upon which vesting in respect of the Participant's RSUs ceases. The proportion of RSUs credited to a Participant's account as described in this paragraph relating to vested RSUs shall, unless otherwise determined by the Board in its sole discretion, also be vested RSUs. The proportion of RSUs credited to a Participant's account as described in this paragraph relating to existing RSUs that had not yet

vested shall, unless otherwise determined by the Board in its sole discretion, vest in the same manner as the existing unvested RSUs.

#### *Adjustments for Certain Corporate Events*

In respect of RSUs granted prior to June 13, 2019 only, for all Participants, the occurrence of an event of Change of Control or, only for Participants that are not US Participants, the occurrence of a determination by the Board that a Change of Control is expected to occur, will result in the vesting and payout of all outstanding RSUs and, provided that a Participant's Termination Date has not occurred before the Change of Control which results in an earlier expiration date of such Participant's RSUs, the payout of all outstanding RSUs upon the occurrence of the Change of Control. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be calculated using the multiplier that has already been determined in respect of PSUs that were eligible to vest prior to the occurrence of the Change of Control and by using a multiplier of 1.0 in respect of any PSUs that have not yet become eligible to vest as at the occurrence of the Change of Control.

A determination by the Board that a Change of Control is expected to occur will not result in the vesting of any outstanding RSUs held by a US Participant. No event shall constitute a Change of Control in respect of RSUs held by a US Participant unless such event constitutes a "change in control event" within the meaning of Section 409(A) of the Internal Revenue Code of 1986 and US Department of Treasury regulations and other interpretive guidance issued thereunder.

In respect of RSUs granted on or after June 13, 2019 only, for all Participants, the occurrence of an event of a Change of Control, followed within one hundred and eighty (180) days of a Change of Control by the occurrence of a Termination Date in respect of a Participant as a result of involuntary termination, other than by way of termination for cause, will result in the vesting and payout of all outstanding RSUs upon the occurrence of the Termination Date. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of one or more performance year(s) that is(are) complete at the time a change of control occurs, any multiplier(s) already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an average of the multipliers determined pursuant to (i) if applicable and (ii). Where a Change of Control has occurred but a Participant's PSUs have not been made subject to such accelerated vesting and payout, such PSUs will continue to vest and payout in accordance with the terms of the relevant grant agreement however the foregoing multipliers shall apply.

In the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, the Treasury-Settled RSU Plan is terminated by the Corporation, all outstanding RSUs will vest and payout effective as of the date of discontinuance of the Plan. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of a performance year that is complete at the time a change of control occurs, any multiplier already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an average of the multipliers determined pursuant to (i) if applicable and (ii).

In respect of RSUs granted prior to June 13, 2019 only, if the Board passes a resolution approving, or the Corporation enters into an agreement providing for, a transaction which, if completed, would constitute a Change of Control, and the Board elects, in connection with the Treasury-Settled RSU Plan, to pay out RSUs through the issuance of shares from treasury or the purchase of shares by a Designated Broker, the Board may, at its discretion, resolve to pay out all unvested RSUs conditional upon the occurrence of the Change of Control, and to permit Participants to tender the underlying shares to the take-over bid or vote such shares in respect of the resolutions pertaining to the transaction that would give rise to the Change of Control. Any such payout of unvested RSUs held by US Participants must occur within the 30 day period prior to the occurrence of the Change of Control and the US Participant shall have no right to designate the taxable year of payment.

#### *Amendment or Discontinuance of the RSU Plans and RSUs*

The Treasury-Settled RSU Plan may be amended, suspended or terminated at any time by the Board in whole or in part, provided that no amendment shall be made which would cause the Treasury-Settled RSU Plan, or any RSUs granted, to cease to comply with paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada) (the "Tax Act") or any successor provision thereto. Upon termination of the Treasury-Settled RSU Plan, subject to the relevant provisions of the Treasury-Settled RSU Plan relating to accelerated vesting on Change of Control set forth above under "*Adjustments for Certain Corporate Events*" or to a resolution of the Board to the contrary, all unvested RSUs shall remain outstanding and in effect and continue to vest and be paid out in accordance with the terms of the relevant Treasury-Settled RSU Plan existing at the time of its termination and any applicable Grant Agreement, provided that no further RSUs will be credited to the account of any Participant. The Treasury-Settled RSU Plan will terminate on the date upon which no further RSUs granted thereunder remain outstanding.

Subject to the policies, rules and regulations of any lawful authority having jurisdiction over the Corporation (including any exchange on which the Common Shares are then listed and posted for trading), the Board may at any time, without further action by, or approval of, the holders of Common Shares, amend the Treasury-Settled RSU Plan or any RSU granted thereunder in such respects as it may consider advisable and, it may do so to: (a) ensure that RSUs will comply with any provisions respecting restricted share units or other security based compensation arrangements in the Tax Act or other laws in force in any country or jurisdiction

of which a Participant to whom an RSU has been granted may from time to time perform services or be resident; (b) cure any ambiguity, error or omission in the Treasury-Settled RSU Plan or RSUs granted thereunder or to correct or supplement any provision of the Treasury-Settled RSU Plan that is inconsistent with any other provision thereof; (c) comply with applicable law or the requirements of any stock exchange on which the shares are listed; (d) amend the provisions of the Treasury-Settled RSU Plan respecting administration or eligibility for participation thereunder; (e) make amendments of a "housekeeping" nature to the Treasury-Settled RSU Plan; (f) change the terms and conditions on which RSUs may be or have been granted pursuant to the Treasury-Settled RSU Plan, including a change to, or acceleration of, the vesting provisions of such RSUs; (g) amend the treatment of RSUs granted under the Treasury-Settled RSU Plan on ceasing to be a Participant; and (h) change the termination provisions of the Treasury-Settled RSU Plan or RSUs granted thereunder which do not entail an extension beyond the original expiry date. Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any RSUs theretofore granted under the Treasury-Settled RSU Plan.

Notwithstanding the above paragraph, approval of the holders of Common Shares will be required in order to: (a) increase the maximum number of Common Shares issuable pursuant to the Treasury-Settled RSU Plan; (b) amend the determination of Fair Market Value under the Treasury-Settled RSU Plan in respect of any RSU; (c) extend the Expiry Date of any RSU granted under the Treasury-Settled RSU Plan; (d) modify or amend the provisions of the Treasury-Settled RSU Plan in any manner which would permit RSUs, including those previously granted, to be transferable or assignable, other than for normal estate settlement purposes; (e) add to the categories of eligible Participants under the Treasury-Settled RSU Plan; (f) remove or amend the Treasury-Settled RSU Plan Insider and Independent Director Participation Restrictions; (g) amend the provisions of this paragraph; or (h) make any other amendment to the Treasury-Settled RSU Plan where shareholder approval is required by the TSX.

Notwithstanding the above provisions, should changes be required to the Treasury-Settled RSU Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the Treasury-Settled RSU Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Treasury-Settled RSU Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Treasury-Settled RSU Plan, as amended, will be filed with the records of the Corporation and will remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

#### *Corporation Adjustments and the RSU Plan*

The existence of any RSUs will not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or business, or to create or issue any bonds, debentures, shares or other securities of the Corporation or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation, or any amalgamation, combination, merger or consolidation involving the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### ***Cash-Settled RSUs***

The material terms of the Cash-Settled RSU Plan are the same as those of the Treasury-Settled RSU Plan as summarized above, except as otherwise noted below.

The Cash-Settled RSU Plan provides for the settlement of awards in cash only and does not reserve any Common Shares for issuance from treasury. Consequently, the Cash-Settled RSU Plan does not contain the Treasury-Settled RSU Plan Insider and Independent Participation Restrictions. Furthermore, the Cash-Settled RSU Plan requires settlement in cash only in respect of vested RSUs and does not include any ability of the Corporation to acquire, or to cause a broker to acquire, and issue whole Common Shares in an amount equal to the number of whole vested RSUs recorded in a Participant's account on an RSU Payment Date.

The Cash-Settled RSU Plan does not require the approval of Shareholders in order to make amendments to the Cash-Settled RSU Plan or the RSUs.

## APPENDIX C

### Summary of Amended and Restated Shareholder Rights Plan

The following summary of the Amended and Restated Rights Plan is qualified in its entirety by reference to the complete text of the Amended and Restated Rights Plan entered into between the Corporation and Computershare Trust Company of Canada, as rights agent. The Amended and Restated Rights Plan shall govern in the event of any conflict between the provisions thereof and this summary. A copy of the Amended and Restated Rights Plan is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Definitions

The following are certain definitions as provided for in the Amended and Restated Rights Plan that are relevant for the purposes of this summary of the Amended and Restated Rights Plan.

"Convertible Security" shall mean a security convertible, exercisable or exchangeable into a Voting Share (as defined below);

"Exempt Acquisition" shall mean an acquisition of securities of the Corporation:

- (a) in respect of which the Board has waived the application of Section 3.1 of the Amended and Restated Rights Plan pursuant to the provisions of Subsection 5.1(b), 5.1(c) or 5.1(d) of the Amended and Restated Rights Plan;
- (b) pursuant to an amalgamation, merger, arrangement or other similar transaction (statutory or otherwise, but, for greater certainty, excluding a Take-over Bid (as defined below)) which has been approved and/or the issuance of securities of the Corporation pursuant to such amalgamation, merger, arrangement or other similar transaction has been approved by the Board and the holders of Voting Shares (as defined below) by the requisite majority or majorities of the holders of Voting Shares at a meeting duly called and held for such purpose in accordance with the Corporation's by-laws, the *Business Corporations Act* (Alberta) and any other applicable laws;
- (c) which is made as an intermediate step in a series of related transactions in connection with the acquisition by the Corporation or any of its Subsidiaries (as defined in the Amended and Restated Rights Plan) of a Person (as defined in the Amended and Restated Rights Plan) or assets, provided that the acquiror of such Voting Shares distributes or is deemed to distribute such Voting Shares to its security holders within ten Business Days (as defined in the Amended and Restated Rights Plan) of the completion of such acquisition and, following such distribution, no Person has become the beneficial owner (within the meaning of the Amended and Restated Rights Plan) of 20% or more of the Voting Shares of the Corporation then outstanding; or
- (d) pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities by way of a private placement by the Corporation or a securities exchange take-over bid circular or upon the exercise by an individual employee of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any Dividend Reinvestment Plan (as defined in the Amended and Restated Rights Plan) or any employee benefit, stock option or similar plan, provided that (A) all necessary stock exchange approvals for such private placement, take-over bid, Dividend Reinvestment Plan or employee benefit, stock option or similar plan have been obtained and such private placement, take-over bid, Dividend Reinvestment Plan or employee benefit, stock option or similar plan complies with the terms and conditions of such approvals, and (B) such Person does not become the beneficial owner (within the meaning of the Amended and Restated Rights Plan) of more than 25% of the Voting Shares outstanding immediately prior to the distribution, and in making this determination the Voting Shares to be issued to such Person in connection with the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Voting Shares immediately prior to the distribution;

"Independent Shareholders" means holders of Voting Shares, other than:

- (a) any Acquiring Person (as defined in the Amended and Restated Rights Plan);
- (b) any Offeror (as defined below), other than a person referred to in paragraph 1.1(k)(iii)(B) of the Amended and Restated Rights Plan;
- (c) any affiliate or associate of such Acquiring Person or Offeror;
- (d) any person acting jointly or in concert with such Acquiring Person or Offeror; and
- (e) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;

"Offer to Acquire" shall include:

- (a) an offer to purchase or a solicitation of an offer to sell or a public announcement of an intention to make such an offer or solicitation; and

(b) an acceptance of an offer to sell, whether or not such offer to sell has been solicited;

or any combination thereof, and the person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the person that made the offer to sell;

"Offeror" shall mean a person who has announced a current intention to make or who is making a Take-over Bid, but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;

"Take-over Bid" shall mean an Offer to Acquire Voting Shares and/or Convertible Securities if, assuming that the Voting Shares and/or the Convertible Securities subject to such Offer to Acquire are acquired and beneficially owned by the Offeror at the date of such Offer to Acquire, such Voting Shares (together with the Voting Shares into which such Convertible Securities are convertible) and the Voting Shares beneficially owned, as at the date of the Offer to Acquire by the Offeror would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire; and

"Voting Shares" shall mean the Common Shares (as defined in the Amended and Restated Rights Plan) and any other securities in the capital of the Corporation entitled to vote generally in the election of the Board.

### ***Term***

If the Amended and Restated Rights Plan is approved by Shareholders at the Meeting, it will remain in effect until the "Expiration Time", which is defined as the earlier of:

- (a) the time at which the right to exercise Rights (as defined in the Amended and Restated Rights Plan) shall terminate pursuant to Subsection 5.1(g) or Section 5.15 of the Amended and Restated Rights Plan;
- (b) the termination of the third annual meeting of the shareholders of the Corporation occurring after the date of ratification of the Amended and Restated Rights Plan pursuant to Section 5.16 of the Amended and Restated Rights Plan if the continuation of the Amended and Restated Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders present or represented by proxy; and
- (c) the close of the third annual meeting of shareholders of the Corporation occurring after the date of approval of the continuation of the Amended and Restated Rights Plan pursuant to paragraph (b) above or this paragraph (c) if the continuation of the Amended and Restated Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders present or represented by proxy.

### ***Issue of Rights***

On the effective date of the Existing Rights Plan, one Right was issued and attached to each Common Share then outstanding and one Right has been, and will be, issued and attach to each Common Share subsequently issued.

### ***Separation Time/Ability to Exercise Rights***

The Rights are not exercisable, and are not separable from the Common Shares in connection with which they were issued, until the "Separation Time", being the close of business on the tenth trading day after the earlier of:

- (a) the first date of public announcement by the Corporation or an Acquiring Person of facts indicating that a person has become an Acquiring Person (the "Share Acquisition Date");
- (b) the date of the commencement of or first public announcement of the intent of any person (other than the Corporation or any subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid (both as defined in the Amended and Restated Rights Plan)); or
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be a Permitted Bid or Competing Permitted Bid;

or such later time as may be determined by the Board.

### ***Acquiring Person***

A person will be considered to be an "Acquiring Person" for the purposes of the Amended and Restated Rights Plan if it acquires beneficial ownership (within the meaning of the Amended and Restated Rights Plan) of 20% or more of the outstanding Common Shares with certain exceptions, as set forth in the Amended and Restated Rights Plan.

### ***Consequences of a Flip-in Event***

A "Flip-in Event" refers to any transaction pursuant to which a person becomes an Acquiring Person prior to the Expiration Time. Following the occurrence of a Flip-in Event, and subject to certain limitations in the Amended and Restated Rights Plan, as to which the Board has not waived the application of the Amended and Restated Rights Plan, each Right held by:



- (a) an Acquiring Person (or any of its associates, affiliates or joint actors) on or after the earlier of the Separation Time or the first date of public announcement that an Acquiring Person has become such, shall become null and void; and
- (b) any other shareholder shall entitle the holder thereof to purchase additional Common Shares at a substantial discount to their prevailing market price at the time.

#### ***Permitted Bid Requirements***

An offeror may make a take-over bid for the Corporation without becoming an Acquiring Person (and therefore subject to the consequences of a Flip-in Event described above) if it makes a take-over bid (a "Permitted Bid") that meets certain requirements, including that the bid must:

- (a) be made to all holders of record of Voting Shares;
- (b) remain open for acceptance for at least 105 days from the date of the bid or such shorter period that a take-over bid (which is not exempt from the general take-over bid requirements of Applicable Securities Laws (as defined in the Amended and Restated Rights Plan), including, for greater certainty, NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to Applicable Securities Laws;
- (c) be subject to a minimum tender condition of more than 50% of the Voting Shares held by Independent Shareholders;
- (d) contain a provision that unless the bid is withdrawn, Voting Shares may be deposited pursuant to such bid at any time during the period of time between the date of the bid and the date on which Voting Shares may be taken up and paid for and that any Voting Shares deposited pursuant to the bid may be withdrawn until taken up and paid for;
- (e) provide that the bid will be extended for at least 10 days if more than 50% of the Voting Shares held by Independent Shareholders are deposited to the bid (and the Offeror shall make a public announcement of that fact); and
- (f) if any holders of Voting Shares are registered on the records of the Corporation as residing in the United States or as a U.S. Person, then the bid complies with all applicable requirements of the United States Securities Act of 1933, as amended and the United States Securities Exchange Act of 1934, as amended;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Permitted Bid and provided that, at such time, any acquisition of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

A competing Take-over Bid that is made while a Permitted Bid is outstanding and satisfies all of the criteria for Permitted Bid status, except that it may expire on the same date as the Permitted Bid that is outstanding (subject to the minimum period of days such Take-over Bid must remain open pursuant to Applicable Securities Laws), will be considered to be a "Competing Permitted Bid" for the purposes of the Amended and Restated Rights Plan, provided that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Competing Permitted Bid and provided that, at such time, any acquisition of Common Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Common Shares theretofore made, will cease to be a Permitted Bid Acquisition.

#### ***Permitted Lock-Up Agreement***

A person will not become an Acquiring Person by reason of entering into an agreement (a "Permitted Lock-Up Agreement") with a Shareholder pursuant to which the Shareholder (the "Locked-Up Person") agrees to deposit or tender its Common Shares to a Take-over Bid (the "Lock-Up Bid") made by that person or their affiliates or associates or any joint actors, provided that the agreement meets certain requirements, including that:

- (a) the terms of the agreement are publicly disclosed and a copy is made publicly available;
- (b) the Locked-Up Person can terminate its obligation under the agreement in order to tender its Common Shares to another Take-over Bid or transaction where:
  - (i) the offer price or value of the consideration payable is (A) greater than the price or value of the consideration per Common Share under the Lock-Up Bid, or (B) equal to or greater than a specified minimum, which cannot be more than an amount that is 7% greater than the offer price under the Lock-Up Bid; and
  - (ii) if less than 100% of the number of outstanding Common Shares held by Independent Shareholders are offered to be purchased under the Lock-Up Bid, the number of Common Shares offered to be purchased under the other Take-over Bid or transaction (at an offer price not lower than pursuant to the Lock-Up Bid) is (A) greater than the number offered to be purchased under the Lock-Up Bid, or (B) equal to or greater than a specified number, which cannot be more than 7% greater than the number offered to be purchased under the Lock-Up Bid; and
- (c) if the Locked-Up Person fails to deposit its Common Shares to the Lock-Up Bid, no "break fees" or other penalties that exceed, in the aggregate, the greater of (A) 2.5% of the price or value of the consideration payable under the Lock-Up Bid to a Locked-Up Person, and (B) 50% of the increase in consideration to a Locked-Up Person resulting from another Take-over Bid or transaction, shall be payable by the Locked-Up Person.



### ***Certificates and Transferability***

Before the earlier of the Separation Time and the Expiration Time, the Rights have been, and will be evidenced by a legend imprinted on Common Share certificates representing Common Shares issued after the effective date of the Existing Rights Plan. Although Rights attached to Common Shares outstanding on the effective date of the Existing Rights Plan, certificates representing Common Shares issued before the effective date of the Existing Rights Plan do not bear the legend.

### ***From and after the Separation Time, Rights will be evidenced by separate certificates.***

Before the Separation Time, Rights will trade together with, and will not be transferable separately from, the Common Shares in connection with which they were issued. From and after the Separation Time, Rights will be transferable separately from the Common Shares in accordance with the Amended and Restated Rights Plan.

### ***Waiver***

A potential Offeror that does not wish to make a Permitted Bid can nevertheless negotiate with the Board to make a formal Take-over Bid on terms that the Board considers fair to all Shareholders, in which case the Board may waive the application of the Amended and Restated Rights Plan. Any waiver of the Amended and Restated Rights Plan's application in respect of a particular Take-over Bid will constitute a waiver of the Amended and Restated Rights Plan in respect of any other formal Take-over Bid made while the initial bid is outstanding.

The Board may also waive the application of the Amended and Restated Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered the Flip-in Event thereafter reduces its beneficial holdings below 20% of the outstanding Common Shares within 14 days or such other date as the Board may determine.

With the consent of the Shareholders or of the holders of Rights, as the case may be, the Board may waive the application of the Amended and Restated Rights Plan to any other Flip-in Event prior to its occurrence.

### ***Redemption***

Rights are deemed to be redeemed following completion of a Permitted Bid (including a competing Permitted Bid) or any other Take-over Bid in respect of which the Board has waived the Amended and Restated Rights Plan's application.

With Shareholder approval, the Board may also, prior to the occurrence of a Flip-in Event, elect to redeem all (but not less than all) of the then outstanding Rights at a nominal redemption price of \$0.00001 per Right. In certain circumstances, the approval of holders of Rights may also be required in respect of a redemption.

### ***Exemptions for Investment Advisors, etc.***

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies), administrators or trustees of registered pension plans or funds and agents or agencies of the Crown, which acquire more than 20% of the outstanding Common Shares, are effectively exempted (through the definition of "beneficial ownership" under the Amended and Restated Rights Plan) from triggering a Flip-in Event provided that they are not in fact making, either alone or jointly or in concert with any other person, a Take-over Bid.

### ***Directors' Duties***

The Amended and Restated Rights Plan does not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. In the event of a Take-over Bid or any other such proposal, the Board will still have the duty to take such actions and make such recommendations to Shareholders as are considered appropriate.

### ***Amendments***


The Board is authorized to make amendments to the Amended and Restated Rights Plan to correct any clerical or typographical error, or to maintain the validity of the Amended and Restated Rights Plan as a result of changes in law or regulation. Other amendments or supplements to the Amended and Restated Rights Plan may be made with the prior approval of Shareholders.


## APPENDIX D

### Individual Directors' Continuing Education Activities in 2022


In addition to internal continuing education sessions hosted by MEG, as described on page 65, our directors participated in the following continuing education activities:


 <b>BOARD GOVERNANCE   Conference(s)/Seminar(s)/Topic(s)</b>	<b>Host/Presenter</b>	<b>Director(s)</b>
Code Of Business Ethics and Insider Trading	GTE	Hodgins
Code of Ethics Training	Altagas	Hodgins
How Boards Can Take Action Towards Truth and Reconciliation	ICD	Lynch Proctor
Diversity Disclosure Practices	ICD	Lynch Proctor
2022 Diversity Disclosure Practices	Osler, Hoskin & Harcourt	MacKenzie
The Zone of the Unknown: Governing in Challenging Times Part I	KPMG	MacKenzie
The Zone of the Unknown: Governing in Challenging Times Part II	KPMG	MacKenzie
Say On Climate	CCGG	MacKenzie
CEOs (not) Speaking Out: Pitfalls and Imperatives	KPMG	MacKenzie
The Board's Role in CEO Transitions	HCI	MacKenzie
National Conference: Governing with Courage	ICD	MacKenzie
Director Series: The CEO Lessons Learned Series	TPH	MacKenzie
CEO Succession and Best Practices and the Role of the Board	Korn Ferry	MacKenzie
Corporate Governance	NRF LLP	McFarland

 <b>BUSINESS   Conference(s)/Seminar(s)/Topic(s)</b>	<b>Host/Presenter</b>	<b>Director(s)</b>
Adapting your Benefits Strategy to a Tight Labour Market and Rising Inflation	WTW	MacKenzie
At the Helm of Creating Prosperity Around the World	Veriten	MacKenzie


 <b>COMPENSATION   Conference(s)/Seminar(s)/Topic(s)</b>	<b>Host/Presenter</b>	<b>Director(s)</b>
Executive Compensation: Change on the Horizon	WTW	MacKenzie
2022 Executive Compensation Trends	HCI	MacKenzie
Equipped for Uncertainty: Executive Pay Programs and Governance to Offset a Riskier Future	WTW	MacKenzie
Resilient Executive Incentive Plan Strategies	Meridian	MacKenzie
Pay vs. Performance Guidance Is Finalized: What Compensation Committees Must Do	NACD	MacKenzie
Executive Compensation Trends	ICD	McFarland


 ESG   Conference(s)/Seminar(s)/Topic(s)	Host/Presenter	Director(s)
Climate Risk and TCFD Presentation	WTW	Bruce
Developments in ESG-Global and Local Perspectives	KPMG	Hodgins
ESG Seminar	Hugessen	Hodgins, McFarland
Renewable Fuels & Hydrogen	TPH&C	Hodgins
Exploring ESG	CPA	Lynch Proctor
Global Upstream Energy Transition - The Challenge of Carbon Management	ICD	Lynch Proctor
Corporate Oversight in the Energy Transition	ICD	Lynch Proctor
Path to Net Zero: Getting Your Boardroom Comfortable with a Climate Emissions Target	ICD	Lynch Proctor, MacKenzie
Indigenous Cultural Competency Education	Law Society of Alberta	Lynch Proctor
Energy Transition in the Middle East	AERI	MacKenzie
Transition to Net Zero: What All Directors Need to Prepare For	ICD	MacKenzie
How The Economics of Carbon Management Impact Our Energy Future	GLJ	MacKenzie
Climate Change and the Private Sector	Deloitte	MacKenzie
Why The Number One Global ESG Goal Should Be Energy Surplus	Veriten	MacKenzie
The ESG Report Just Got Merged Into the 10-K	Veriten	MacKenzie
Energy Security is Back on The Table	Veriten	MacKenzie
The SEC Climate Proposal: Part 1	KPMG	MacKenzie
The Energy Equation: Policy, Security, Profits and Pain	TPH	MacKenzie
Leading in a Big Way: The Future of Small Modular Reactors in Canada	AERI	MacKenzie
Alberta's \$90B Carbon Capture & Storage Opportunity	AERI	MacKenzie
ESG Update - Part 1	HCI	MacKenzie
ESG Update - Part 2	HCI	MacKenzie
Sustainability in the Spotlight: Board ESG Oversight and Strategy	Spencer Stuart	MacKenzie
The Growing Anti-ESG Movement	AERI	MacKenzie
Energy War in Europe	AERI	MacKenzie
You Can Have Both Fossil Fuels and Climate Progress	Veriten	MacKenzie
New Canadian Clean Energy Incentives and COP 27	AERI	MacKenzie
Energy Transition - Implications for Canada's Oil and Gas Sector		McFarland
Tech Talk: Reservoir Suitability for CCS	SPE	McFarland
Energy Transition: Dialogue of Generations (Panel Speaker and Attendee)	VII World Petroleum Council Youth Forum	McFarland

 FINANCE   Conference(s)/Seminar(s)/Topic(s)	Host/Presenter	Director(s)
4th quarter Accounting and Tax Update	KPMG	Hodgins
Audit Committee Effectiveness	ICD	Lynch Proctor
IRFS and EY Reporting Updates	CPA/E&Y	Lynch Proctor
Director Series: An Evolving Risk Landscape - What Audit Committees Need to Know	Deloitte	MacKenzie

 <b>INDUSTRY   Conference(s)/Seminar(s)/Topic(s)</b>	<b>Host/Presenter</b>	<b>Director(s)</b>
Methane Monitoring Technology Presentation, Including 24/7 Detection and Recording		Bruce
North American Energy Team Outlook: Opportunities & Challenges	TD Securities Inc.	MacKenzie
Oilfield Services Capacity: Hitting the Limits?	AERI	MacKenzie
The 'Columbia' Or the 'Chicago' School of Thought on Energy Today	Veriten	MacKenzie

 <b>LEADERSHIP   Conference(s)/Seminar(s)/Topic(s)</b>	<b>Host/Presenter</b>	<b>Director(s)</b>
World Nuclear Association Annual Conference London UK	World Nuclear Association	Bruce
Responsible Investment	RIA	Lynch Proctor
Reciprocity of Relationships - Our Indigenous Journey Continues	ICD	MacKenzie
2021 Legal Year in Review: Overview of Significant Developments	Osler, Hoskin & Harcourt	MacKenzie
Moving Forward into the Future of Work	ICD	MacKenzie
The Next Age of Uncertainty: An Interview with Former Bank of Canada Governor Stephen Poloz	AERI	MacKenzie
Q4 2022 Economic Update with Stephen Poloz	Osler, Hoskin & Harcourt	MacKenzie
Distinguishing Value Trap from Value Opportunity	Veriten	MacKenzie

 <b>TECHNOLOGY   Conference(s)/Seminar(s)/Topic(s)</b>	<b>Host/Presenter</b>	<b>Director(s)</b>
Cyber Security Webinar	NYSE	Bruce
Virtual Summary	KPMG	Hodgins
Canada's Energy and Cybersecurity Summit	E&Y	Lynch Proctor
Cyber Security Seminar	KPMG	Lynch Proctor
Cyber Risk Oversight - Transforming the Board Agenda from Cybersecurity to Cyber Resilience	ICD	MacKenzie

 <b>GENERAL   Conference(s)/Seminar(s)/Topic(s)</b>	<b>Host/Presenter</b>	<b>Director(s)</b>
Regulation SHO and Naked Short Selling / Synthetic Share Creation Fraud	SEC	Bruce
2022 Proxy Review	Hugessen	Hodgins, McFarland
Interest Rates and Hedging	CPA	Lynch Proctor
Universal Proxy Card	Spencer Stuart	MacKenzie
2022 Proxy Season Preview Series	Glass Lewis	McFarland
Complexity in the Not-for-Profit Sector	ICD	McFarland

# QUESTIONS? NEED HELP VOTING?

## CONTACT US

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