

# **THE SOCIETIES ACT**

## **PETROLEUM SERVICES ASSOCIATION OF CANADA (PSAC)**

### **BY-LAWS**

#### **ARTICLE I**

##### **NAME AND DEFINITIONS**

1. The name of the Society shall be "Petroleum Services Association of Canada (PSAC)".

2. Definitions and conventions:

In this document, unless otherwise specified:

- a) "Association" shall mean "Petroleum Services Association of Canada (PSAC)".
- b) "By-laws" shall mean this document, governing the manner under which the Association shall conduct itself.
- c) "Member" shall mean any person, corporation or division of corporation defined under By-law Article II as a member of the Association.
- d) "Board" shall mean the Board of Directors of the Association. "Director" shall mean a member of the Board. "Officer" shall mean an officer of the Association. "Chair" shall mean the Chair of the Board. "First Vice-Chair" shall mean the First Vice-Chair of the Board.
- e) "President", "Chief Executive Officer" or "CEO" shall mean "President and Chief Executive Officer" of the Association.
- f) "Audit" or "audited" shall mean an assurance engagement by an independent accounting firm.
- g) Wherever the singular and/or masculine pronoun is used the same shall be deemed to include plural, feminine, neuter and corporation where the circumstances so require in any case.

#### **ARTICLE II**

##### **MEMBERSHIP**

2. Membership in the Association shall consist of three main classes; namely Core-Group Members, Affiliate Members, and Honourary Members, as hereinafter respectively defined.

2. "Core-Group Members" means corporations or divisions of corporations, established in Canada and admitted to membership by the Board, under membership terms, conditions and requirements as defined at any time or from time to time by the Board, and whose business during the preceding accounting year by dollar sales volume qualifies for Core Membership or Associate Core Membership as further defined as follows:
  - a) "Core Members" means qualified Core-Group Members whose business during the preceding accounting year was at least fifty percent by dollar sales volume that of a service, supply, or manufacturing company providing or selling services, supplies or products to the upstream oil and gas industry in Canada.
  - b) "Associate Core Members" means qualified Core-Group Members whose business during the preceding accounting year was less than fifty percent and more than 10 percent by dollar sales volume that of a service, supply, or manufacturing company providing or selling services, supplies or products to the upstream oil and gas industry in Canada.
3. "Affiliate Members" means persons including corporations admitted to membership by the Board, under membership terms, conditions and requirements as defined at any time or from time to time by the Board, who or which are interested in the upstream oil and gas industry. Affiliate Membership includes the following categories:
  - a) "Introductory Members" means corporations or divisions of corporations, established in Canada and admitted to membership by the Board, under membership terms, conditions and requirements as defined at any time or from time to time by the Board, whose business during the preceding accounting year by dollar sales volume was primarily that of a service, supply, or manufacturing company providing or selling services, supplies or products to the upstream oil and gas industry in Canada, and that wish to explore the Association's Core-Group Membership. This membership category applies only to qualified companies which have not previously held membership in the Association at any level. Introductory membership remains valid for a maximum of one (1) year, following which membership must convert to a Core-Group membership level, otherwise membership in the Association shall cease.
  - b) "Alternative Energy Members" means service, supply or manufacturing companies whose business is primarily in a non-oil-and-gas segment of the energy production industry in Canada, and that are interested in collaborating with the Association and Core-Group Members to provide and ensure responsible energy development in Canada. Companies which qualify as Alternative Energy Members do not qualify for membership at other Core-Group Membership levels.
  - c) "Business Partner Members" means organizations and companies with a commercial interest in the energy industry but that do not qualify for Core-Group membership.
  - d) "Government, Municipal, Academic Members" means governments and organizations which have no commercial interest in the oil and gas industry, but have an interest in the sector and the information and data it can provide.
  - e) "Affiliated Association Members" means Associations representing a segment of the energy industry that wish to share information, collaborate on issues and

- initiatives for mutual benefit and / or reciprocate on Association membership and / or member pricing.
- f) "International Members" means organizations with no Canadian office but that have a commercial interest in the Canadian energy industry.
4. "Honourary Members" means persons designated by the Board as Honourary Members of the Association in recognition of services rendered by them toward the progress and development of the energy or an allied industry or of their accomplishments in national or international affairs.
5. Core-Group Members and Affiliate Members may be admitted to membership in the Association upon their application to the Board for membership in such form as the Board may from time to time prescribe and upon a resolution approving their admission being passed by three-fourths (3/4) of the Board present at the meeting.
6. Should the business of a member defined pursuant to Association By-laws Article II, Paragraphs 3(b)-3(f) change during the course of membership with the Association such that the Member now qualifies for any Core-Group Member status, the Affiliate Member must complete and submit a new membership application for the new category of membership by the end of the current dues term. Existing Affiliate Membership will be terminated at the end of the current dues term in any event.
7. a) Each Core-Group Member which is a corporation shall designate, in writing in accordance with By-law Article XVIII, to the head office of the Association, a senior management person to represent and vote for it at all meetings of the members of the Association, pursuant to the Association By-laws, Article III, Paragraph 1, and each such member may also similarly designate an alternate senior management person to perform the aforementioned duties for it at any such meeting at which its representative is not present. Each such member may revoke any such designation of a representative or an alternate representative and designate another person as its representative or alternate representative in writing in accordance with By-law Article XVIII, to the head office of the Association at any time and from time to time.
- b) Each Affiliate Member which is a corporation shall designate, in writing in accordance with By-law Article XVIII, to the head office of the Association, a person to represent it at all meetings of the members of the Association. Each such member may revoke any such designation of a representative and designate another person as its representative, in writing in accordance with By-law Article XVIII, to the head office of the Association at any time and from time to time.

### **ARTICLE III**

#### **VOTES**

1. Each Core-Group Member shall have one (1) vote at any meeting of the members of the Association provided annual dues of the Association have been paid in full. Voting by proxy shall not be permitted by any Member entitled to cast a vote.
2. Affiliate Members and Honourary Members shall not be entitled to vote at any meeting of the members of the Association.

### **ARTICLE IV**

#### **DUES**

1. The annual dues payable by the members of the Association shall be as prescribed from time to time by resolution of the Board which may prescribe different annual dues for each class of membership in the Association.
2. All annual dues prescribed by the Board are payable upon the member's date of membership or annual renewal. A member whose annual dues are in arrears more than three months shall be liable to expulsion from membership in the Association as provided for in the By-laws.

### **ARTICLE V**

#### **WITHDRAWAL AND EXPULSION OF MEMBERS**

1. Any member of the Association wishing to withdraw from membership may do so upon notice sent in writing in accordance with By-law Article XVIII, to the Board.
2. On the failure of any member to pay annual dues, any subscription or indebtedness due to the Association, the Board may cause the name of such member to be removed from the register of members but such member may be re-admitted to membership by the Board upon such evidence as they may consider satisfactory.
3. The Board shall have the power, by a vote of three-fourths (3/4) of those present to expel any member whose conduct shall have been determined by the Board in accordance with By-law Article XVII, to be improper, unbecoming or likely to endanger the interest or reputation of the Association or who willfully commits a breach of the By-laws, objects, policies of the Association, or the Core-Group Membership agreement of the Association. Recommendation for expulsion of any member of the Association may be proposed to the Board by any five Core-Group Members of the Association acting jointly. No member shall be expelled or suspended without being notified of the complaint against it or without having first been given an opportunity to be heard by the Board at a meeting called for the purpose.

4. Any member who resigns, withdraws or is expelled from the Association shall forthwith forfeit all right claim and interest arising from or associated with membership in the Association.

## **ARTICLE VI**

### **MEETINGS**

1. The Association shall hold a regular annual general meeting for the election of Directors and the transaction of such other business as may properly come before such meeting at such place within the Province of Alberta and at such time in each year as may be fixed from time to time by the Board. Notice stating the time and place fixed for holding such annual meeting shall be sent in writing to the members in accordance with By-law Article XVIII, not less than twenty-one days prior to the date set for such meeting, but failure to give such notice or any irregularity in such notice shall not affect the validity of the annual meeting or any proceedings thereat.
2. Special meetings of the Association may be held at any place within Canada upon call by the Chair and approved by a majority of the Board or upon request sent in writing in accordance with By-law Article XVIII, stating the objects of the proposed meeting, signed by one-quarter of the voting members of the Association. Twenty-one days written notice of the time, place, and objects of each special meeting shall be given to each member in the same manner as herein provided for the annual meeting, but failure to give such notice or any irregularity therein shall not affect the validity of any special meeting or any proceedings thereat.
3. A quorum for any meeting of the Association shall be ten (10) percent of the voting membership of the Association as of the date of the meeting.
4. All questions arising at any meeting shall be decided by a majority of the votes cast thereat except where otherwise stipulated by The Societies Act.

## **ARTICLE VII**

### **BOARD OF DIRECTORS**

1. No person shall be qualified to serve on the Board of the Association unless he is a Core Member representative in good standing of the Association or the designated alternate thereof. No more than one (1) person shall be permitted to represent a Core Member on the Board at one time. Associate Core Member representatives and Affiliate Member representatives are not permitted to serve on the Board.
2. The Board of the Association shall consist of up to sixteen (16) elected member representatives or their designated alternates together with the immediate past Chair of the Association. Such elected members shall serve for two (2) years and shall be

eligible for re-election, and the immediate past Chair shall ex-officio be a Director for a term of one (1) year following his retirement as Chair.

3. In the event of the number of elected Directors being at any time less than fourteen (14), the Board may appoint a person or persons to fill the vacancy or vacancies, or call a meeting of the members of the Association, until the number of Directors has been made up to fourteen (14). At no time should there be less than twelve (12) elected or appointed directors.
4. The Board shall have the power to appoint any person who meets the qualifications, pursuant to the By-laws, Article VII, Paragraph 1, to be a Director of the Association to fill any casual vacancy occurring in the Board, so that the total number of Directors shall not at any time exceed or fall below the numbers hereinbefore stipulated. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not ceased to be a Director, and then shall be eligible for re-election.
5. The Board shall have the power to appoint a qualified person, pursuant to the Association By-laws, Article VII, Paragraph 1, to be a Director but the total number of Directors shall not at any time exceed the number hereinbefore stipulated. Any director so appointed shall hold office for a period of up to two (2) years, to be determined by the Board at the time of appointment, and then shall be eligible for re-election.
6. Any member or members of the Board may be removed from office and another appointed in his stead by a resolution passed by at least three-fourths (3/4) of the votes cast at a special meeting of the members of the Association called for that purpose. A person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed, and then shall be eligible for re-election.
7. At the annual meeting of the Association each year, eight (8) elected Directors of the Association who have completed two (2) years in office shall automatically cease to hold office and eight (8) Directors shall be elected to replace them. A retiring Director shall be eligible for re-election.
8.
  - a) At least thirty (30) days prior to each annual meeting of the Association the Nominations Committee shall prepare and submit to the Board a list of at least eight (8) qualified candidates for election to the Board.
  - b) A candidate shall be eligible for election by the eligible voting members' representatives if he is a Core Member representative, or the designated alternate thereof.
  - c) Any eligible voting member representative or the designated alternate thereof may nominate any qualified member representative of the Association or the designated alternate thereof as an eligible candidate for election to the Board by the eligible voting members by filing with the Nominations Committee of the Association at least sixty (60) days prior to each annual meeting the written consent of the nominee so to act.

9. If the term of office as a Director of the immediate past Chair has not expired when he becomes the immediate past Chair, there shall be deemed to be no vacancy on the Board in respect of the office of Directors to be filled by the immediate past Chair as hereinbefore set forth.
10. The President of the Association shall call the first meeting of the Board of the Association as soon as practicable following the annual election of members thereof at which meeting the Officers of the Association shall be elected. Such Board may provide for other regular meetings by resolution and special meetings of such Board may be held at any time upon call of the Chair of that Board, or, upon his refusal or failure to act, then upon the call of the First Vice-Chair of the Association, or upon call of at least twenty-five (25) percent of the members of such Board, provided that at any regular meeting of such Board any business may be transacted while at any special meeting no business shall be transacted except that set forth in the Notice of Call. Notice of special meetings of such Board shall be sufficient if mailed five (5) days, or sent by electronic communication three (3) days before the meeting, in accordance with By-law Article XVIII. The place of meeting, the order of business, and procedure of such Board shall be determined by resolution or otherwise of such Board.
11. The property and business of the Association shall be managed by the Board who may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the By-laws directed or required to be exercised by the members of the Association. The Board may delegate all or any of its powers to such committees and individuals as are established by it under these By-laws.
12. The Board may by resolution, designate and increase, or decrease, the number of Board committees. The committees shall have and may exercise only such powers and duties as may be delegated to them by the Board.
13. Directors, as such, shall not receive any compensation or salary for their services, but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving such compensation as may be provided therefor.
14. Directors shall keep regular minutes of their meetings and report same to the annual meeting or any special meeting of the Association when required.
15. A resolution in writing, or delivered by electronic communication or facsimile, signed or digitally signed by all of the Directors of the Association, shall be as valid and effectual for all purposes as if passed at a duly constituted meeting of the Board.
16. A quorum of the Board for the transaction of business at any meeting of the Directors shall consist of at least forty (40) percent of its members.
17. Questions arising at a meeting of Directors shall be decided by a majority of votes. In the case of an equality of votes, the Chair, in addition to his original vote, shall have a second or casting vote. All votes at any such meeting shall be taken by ballot if so demanded by any Director present, but if no demand be made, the vote shall be taken in the usual way of assent or dissent. A declaration by the Chair that a resolution has

been carried and an entry to that effect in the Minutes shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. In the absence of a Chair, his duties may be performed by the First Vice-Chair or such other Director as the Board may from time to time appoint for the purpose.

18. No error or omission in giving a notice for a meeting of Directors shall invalidate such meeting or invalidate or make void any proceedings taken or had at such meeting and any Director may at any time waive notice of any such meeting and may ratify and approve of any or all proceedings taken or had thereat.

## **ARTICLE VIII**

### **OFFICERS**

1. The officers of the Association shall be chosen by the Board annually at its organization meeting. The officers shall consist of a Chair, one or more Vice-Chairs, and a President. The Chair and the Vice-Chair(s) shall be members of the Board. The President need not be an elected member of the Board.
2. The Chair shall preside at all meetings of the Association and of the Board. He shall be a member ex-officio of all regular or special committees and shall perform such other duties as they usually pertain to his office or as shall be designated by the Board. The First Vice-Chair shall perform the duties of the Chair in the event of his temporary inability, disability, or absence. The President shall be the custodian of the seal, records, and funds of the Association, shall prepare and have custody of minutes of proceedings of meetings of the Board and keep the register of members and attend to the giving and serving of notices. He shall sign in the name of the Association all contracts in accordance with the governance policies, and he shall affix the seal of the Association thereto and he shall perform such other duties as are usually pertinent to his office, or as may be required of him by the Board.
3. In the event of the death, resignation, or permanent disability of any officer, the vacancy caused thereby shall be filled by the Board.
4. The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as may be determined from time to time by the Board.
5. The salaries of all officers and agents of the Association shall be fixed by the Board.

## **ARTICLE IX**

### **HEADQUARTERS**

1. The principal office of the Association shall be at such place within the Province of Alberta as may be established at any time or from time to time by the Board.
2. The Association may have other offices at such place or places as may be fixed by resolution of the Board from time to time.

## **ARTICLE X**

### **COMMITTEES**

1. The Board may establish and constitute Board Committees.
2. The Board shall name the Chair and members of each Board Committee.
3. There shall be a committee designated as “the Nominations Committee”, the membership of which shall comprise of no less than three (3) Core Member representatives or their designated alternates appointed by the Board. This committee shall be responsible for submission to the Association of a list of qualified candidates for election to the Board at the annual meeting of the Association. A quorum of the Nominations Committee shall consist of at least three (3) members thereof.
4. Each committee shall keep regular minutes and records of their proceedings and shall submit and report same to the Board or to any meeting of the Association when required.

## **ARTICLE XI**

### **AUDIT**

1. The books, accounts, and records of the Association shall be audited at least once each year by a duly qualified accountant appointed for that purpose at the annual meeting, failing which an auditor may be appointed by the Board. A complete and proper statement of the standings of the books for the previous year shall be submitted by such Auditor at the annual meeting of the Association.
2. The books and records of the Association may be inspected by any Core-Group Member representative, or the designated alternate thereof at the annual meeting provided for herein or at any time upon the person desiring to inspect the same giving reasonable notice and arranging a time and place satisfactory to the officer or officers having charge thereof. Each member of the Board shall at all times have access to such books and records.

## **ARTICLE XII**

### **BORROWING POWERS**

1. For the purpose of carrying out the objects of the Association, the Board may:
  - a) Borrow or raise money on the credit of the Association.
  - b) Limit or increase the amount to be borrowed.
  - c) Secure the payment of moneys borrowed or raised in such manner as it thinks fit and in particular by the issue of debentures charged upon all or any of the Association's property (both present and future), but in no case shall debentures be issued without the sanction of a special resolution of the Association duly passed at a meeting of the Association, and upon notice of such intention to borrow or raise and issue debentures for moneys borrowed or raised having been given in the notice calling the meeting.

## **ARTICLE XIII**

### **INVESTMENT**

1. The Board shall have the power to invest the funds of the Association in such manner and in such investments as from time to time seems advisable to it, if and so long as the investment is one which is authorized by The Trustee Act of Alberta, and amendments thereto for the investment of Trust moneys.

## **ARTICLE XIV**

### **INCOME**

1. The income and property of the Association shall be applied to and towards the promotion of the objects of the Association as set forth in its Application for Incorporation and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus, or howsoever by way of profit to any members of the Association.
2. The interest of any member in the Association or its property shall cease upon such member ceasing to be a member of the Association.
3. Nothing herein contained shall prevent the payment in good faith or remuneration to any officer or servant of the Association or to any member of the Association in return for any services actually rendered to the Association, nor prevent the payment of interest at a rate not exceeding the prime lending rate of a Canadian chartered bank on money loaned or reasonable and proper rent for premises demised or let by any member to the Association.

**ARTICLE XV**

**CORPORATE SEAL**

1. The Association shall have a corporate seal in form approved by the Board, bearing the name of the Association and the words, "corporate seal".
2. The seal shall be kept in the custody of the President.
3. The seal of the Association shall not be impressed upon any document except in the presence of the President or the Chair or a Vice-Chair or any two officers of the Association who may be authorized by resolution of the Board at any time or from time to time and either generally or in specific matters to execute contracts or other documents on behalf of the Association and to affix its corporate seal thereto.

**ARTICLE XVI**

**BY-LAWS**

1. The By-laws may be rescinded, replaced, altered, amended, or added to by special resolution passed by the eligible voting members of the Association at a special general meeting of the Association duly called for that purpose.

**ARTICLE XVII**

**DISCIPLINARY PROCEEDINGS**

1. In the event that a written complaint is submitted to the Association which alleges conduct in breach of a member's obligations pursuant to the objects, By-laws, Core-Group Membership agreement, or policies of the Association, the Board will investigate the complaint in accordance with the following procedure:
  - a) A senior officer (the "designated officer") of the Association designated by the Board for that purpose will advise the member in writing in accordance with By-law Article XVIII, of the complaint and provide full particulars;
  - b) The member against whom the complaint is made shall be afforded the opportunity to satisfy the designated officer within the time specified by the designated officer that the circumstances giving rise to the complaint no longer exist or are unfounded;
  - c) If the member is unable to satisfy the designated officer within the time specified that the circumstances giving rise to the complaint no longer exist or were unfounded, then the designated officer shall forthwith initiate an investigation of the complaint;
  - d) The designated officer shall be entitled to obtain access to the operations, records, and employees of the member to the extent reasonably necessary to enable the

designated officer to become fully informed of the circumstances giving rise to the complaint but subject to such assurances as may be requisite regarding non-disclosure of the member's confidential and proprietary information;

- e) Upon completing such investigation, the designated officer shall report his findings to the next regular or a specially called meeting of the Board.
2. The Board shall consider the report of the designated officer and shall, on notice to the Member, hold a meeting to consider the matter, submissions of the Member and any other material as to whether or not the member has been guilty of improper conduct, conduct likely to endanger the reputation of the Association, or that the member has otherwise violated the By-laws, objects, Core-Group Membership agreement or policies of the Association.
  3. If the Board makes a determination that a member has been guilty of improper conduct, conduct likely to endanger the reputation of the Association or that the member has otherwise violated the By-laws, objects, Core-Group Membership agreement, or policies of the Association it may do any one or more of the following:
    - a) By simple majority vote reprimand the member;
    - b) By simple majority vote suspend the membership of the member in the Association and all rights and privileges pertaining thereto for a specified period of time but not exceeding twelve (12) months; or
    - c) Expel the member from membership in the Association but in so doing shall follow the procedural requirements of Article V (3) of the By-laws.

## **ARTICLE XVIII**

### **NOTICES**

1. Unless otherwise indicated, whenever under the provisions of these By-laws notice is required to be given, the notice may be given personally, by facsimile, by electronic mail, or by depositing the same in a post office or a public letter-box in a post-paid, sealed envelope addressed to the Director, Officer or Member at his or their address as the same appears on the books of the Association. A notice or other document so sent by post shall be deemed to be sent at the time when the same was deposited in a post office or public letter-box or, if sent by facsimile or electronic mail, shall be deemed to be received on the date it was sent by facsimile or electronic mail. For the purpose of sending any notice, the address or contact information of any Member, Director or Officer shall be his last address or contact information as recorded by the Association or as shown on the roll of members of the Association.