

## TERMS OF REFERENCE FOR THE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE

### I. PURPOSE

The main purposes of the Governance, Nominating and Compensation Committee (the "**Committee**") of the board of directors (the "**Board**") of Valeura Energy Inc. (the "**Corporation**") are to:

- i) provide a focus on governance practices that will enhance the Corporation's performance;
- ii) assist the Board in its oversight of corporate governance, human resources and talent management, compensation matters, succession planning and development of management, and to make recommendations to the Board regarding such matters; and
- iii) assess and makes recommendations regarding Board effectiveness and composition and to establish and lead the process for identifying, recruiting, appointing, nominating, evaluating and providing ongoing development and succession planning for the Board.

### II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of not fewer than two directors and not more than five directors, all of whom are independent directors.

B. The Committee shall operate in a manner that is consistent with the Committee Guidelines outlined in the Board Manual.

C. The Committee shall meet as often as necessary to fulfill its mandate and responsibilities described herein and, in any event, at least two times per year, provided that at least one of the meetings shall be scheduled to review the corporate governance disclosure and compensation discussion and analysis required to be included in the management information circular pursuant to applicable securities and stock exchange laws, rules and regulations. The Chair may call additional meetings as required.

### III. GOVERNANCE DUTIES AND RESPONSIBILITIES THE COMMITTEE HAS THE RESPONSIBILITY TO:

A. Review the Corporation's structures and procedures to ensure the Board is able to, and in fact does, function independently of management.

B. Review periodically, for Board approval, the Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for each of the Board, the Chairman of the Board, Chief Executive Officer (the "**CEO**"), directors and Committees.

C. Regularly review the corporate governance practices of the Corporation and new developments and emerging trends in good governance practices and, if appropriate, recommend changes to the Board.

D. Review, monitor and make recommendations regarding the orientation and onboarding of directors.

E. Recommend and ensure programs are in place for appropriate continuing education and development of directors, including on emerging risks and governance and disclosure trends.

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- F. Review annually the continuing education efforts undertaken by the Board and its members during the preceding year.
- G. Review with the CEO existing management resources and plans, including recruitment, talent management and retention and training programs, to ensure that qualified personnel will be available for succession to executive positions.
- H. Review and approve the succession planning process, including emergency succession plans and long-term succession plans, for the CEO and executive team, and report on this to the Board on an annual basis.
- I. Oversee the Corporation's Code of Business Conduct and Ethics (the "**Code**"), including:
- i) Periodically review the Code and recommend any necessary revisions to the Board;
  - ii) Ensure a system to monitor compliance with the Code is in place and receive reports on that system; and
  - iii) Lead the Board in considering any explicit or implicit waivers of the Code, and ensure any waivers that are approved by the Board are reported if required to meet regulatory requirements.
- J. Oversee, monitor compliance with, and periodically review and recommend revisions to the Board for approval, other policies included in the Board Manual, including but not limited to:
- i) the Whistleblower Policy;
  - ii) the Corporate Disclosure Policy;
  - iii) the Anti-Hedging Policy;
  - iv) the Diversity Policy;
  - v) the Insider Trading Policy;
  - vi) the Share Ownership Policy;
  - vii) the Clawback Policy;
  - viii) the Confidential Information Policy; and
  - ix) any other governance related policies of the Corporation adopted from time to time.
- K. Review management's reports of any instances of non-compliance with the Code or other policies and disciplinary action taken, and recommend investigations or other Board action when appropriate.
- L. Monitor compliance by Directors and management with the Share Ownership Policy and recommend to the Board any waivers and corrective measures related to the Share Ownership Policy in situations of non-compliance.
- M. Appoint the Disclosure Committee in accordance with the Terms of Reference for the Disclosure Committee contained in the Board Manual and oversee the operation of the Disclosure Committee.

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N. Ensure that the Corporation's governance disclosure material is accurate and meets or exceeds all regulatory guidelines, including but not limited to:

- i) Confirm that the Board has approved a position description and annual goals and objectives for the CEO that are used in assessing the performance of the CEO;
- ii) Independence of the Board and its committees;
- iii) Establishment of all required and recommended Board committees; and
- iv) Description of Board, committee and individual director evaluation process.

O. Recommend to the Board any reports on corporate governance that may be required or considered advisable.

P. At the request of the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Corporation.

Q. Ensure there is a process of good governance applicable to the Corporation's subsidiaries and make recommendations to the subsidiaries' boards of directors regarding good governance practices and policies, as appropriate.

### **IV. BOARD COMPOSITION, EVALUATION AND NOMINATION DUTIES AND RESPONSIBILITIES**

A. In consultation with the Chairman of the Board and the President and the CEO, recommend committee members and committee chair appointments to the Board for approval and review the need for, and the performance and suitability of, those committees and make recommendations as required.

B. At least annually, review and consider the Board's and each committee's current and long term composition by taking into account:

- i) the size of the Board or committee;
- ii) the particular competencies and skills ideal for the Board or committee, including requirements to staff certain Board committees;
- iii) the competencies and skills each existing director possesses; and
- iv) alignment with and effectiveness of the Board's Diversity Policy.

C. Review and report to the Board on an annual basis regarding the Diversity Policy, the level of diversity on the Board and any related targets and timelines.

D. Review on an annual basis the director qualification criteria including the number of boards on which the directors sit, and each director's tenure, retirement plans and succession plans.

E. In consultation with the Chairman of the Board and the CEO, the Committee shall oversee the identification and selection process for new Board candidates, including whether to engage an outside search firm and the process and timeline for interviewing new candidates and recommend to the Board

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nominees for election as members of the Board, keeping in mind the competencies and skills each new nominee will bring to the Board.

F. In making its recommendations for nominees for Director, the Committee will consider and advise the Board as to the following guidelines for the composition of the Board:

- i) The competencies, skills and experience that the Committee considers to be necessary for the Board, as a whole, to possess, which shall be reflected in the Directors' skill matrix from time to time;
- ii) The competencies, skills, experience and independence that the Committee considers each existing Director to possess, including based on a review and assessment of the most recent Director skills' matrix and areas where there are perceived gaps and where the Board's skills, competencies or experience should be enhanced;
- iii) The competencies, skills, experience and independence each new proposed nominee will bring to the Board;
- iv) The nominee's other commitments and whether each proposed nominee can devote sufficient time and resources to his or her duties as a Board member; and
- v) Representation of gender diversity and other under-represented groups to further the Board's goals of achieving greater diversity and taking into account the principles of the Diversity Policy.

G. Determine the appropriate format and content for and implement the evaluations of the Board, the Chairman of the Board, Board committees and individual directors as outlined in the Board Manual, Board Evaluation Process.

### **V. COMPENSATION AND MANAGEMENT DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Committee will:

- A. Review in collaboration with other relevant committees of the Board, and recommend to the Board for approval, corporate performance criteria and scorecard design, and annually recommend performance scorecard results to the Board for approval.
- B. Recommend a performance evaluation process and feedback instrument for the CEO and lead the implementation of the process.
- C. Review and recommend the compensation philosophy, guidelines and plans for the Corporation's employees and executives.
- D. Establish a compensation peer group of companies and recommend any changes to the Board for approval.
- E. Establish a performance peer group of publicly-listed companies in assessing relative Total Shareholder Return (“**TSR**”) to the extent relative TSR is used in any performance share unit awards.
- F. Review and consider:

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- i) the risk implications of the Corporation's compensation policies and practices, and
- ii) risks related to workforce management and retention, and

ensure incorporation in the Corporation's Enterprise Risk Management Framework and Risk Register and make recommendations to the Board regarding such matters.

G. Annually review, in consideration of peer group compensation, the directors' compensation program and make any recommendations to the Board for approval.

H. In consultation with the CEO and considering peer group compensation, review the appointment and approve the compensation, including incentives and bonuses and benefit plans for the executive team including the CEO.

I. In consultation with the CEO, review all other compensation principles or policy matters including the annual budget for base salaries and bonuses, long-term incentives such as stock option plans, performance and restricted share unit plans deferred share unit plans and other benefits, including performance criteria to be applied to performance share unit awards and the results of such performance criteria.

J. Review circumstances to which the Clawback Policy may apply and make recommendations to the Board regarding same.

K. Review and endorse major changes in the organizational structure of management as proposed by the CEO.

L. Review and recommend to the Board for approval, executive compensation disclosure in the management information circular or any other disclosure required by applicable regulatory, securities and stock exchange laws, rules and regulations.

M. Consider any proxy advisor or stakeholder feedback regarding compensation matters and make recommendations to the Board regarding how to address such feedback as determined appropriate.

N. Review and approve any significant public service commitments and/or outside Board appointments being considered by the CEO or other executives.

### **VI. OUTSIDE EXPERTS AND ADVISORS**

The Committee may retain, and set and pay the compensation to, any outside expert or advisor, including but not limited to compensation or governance experts and advisors and legal, accounting, financial or other consultants, at the Corporation's expense, in order to permit the Committee to carry out its duties and responsibilities hereunder. The Committee will assure itself as to the independence from management of any outside expert or advisor. The Committee will notify the Chairman of the Board prior to the engagement of any outside expert or advisor hereunder.

### **VII. ACCOUNTABILITY**

A. The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on governance, nomination and compensation matters relative to the Corporation.

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B. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

**VIII. COMMITTEE TIMETABLE**

The timetable on the following pages outlines the Committee's schedule of activities during the year.

## GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE CHECKLIST

	Task	Meeting <sup>(1)</sup>	
		Q1	Q4
	<b>Governance, Nominating and Compensation Committee Duties and Responsibilities</b>		
<b>I</b>	<b>Governance Duties and Responsibilities</b>		
A.	Review structures and procedures to ensure Board independence.	x	
B.	Review Board Manual.		x
C.	Review the corporate governance practices of the Corporation and new developments/emerging trends in good governance practices.		x
D.	Review, monitor and make recommendations regarding the orientation and ongoing development of directors.		x
E.	Recommend and ensure programs are in place for appropriate continuing education for all Directors, including on emerging risks and governance trends.		x
F.	Review the continuing education efforts undertaken by the Board and its members during the preceding year.	x	
G.	Review with the CEO existing management resources and plans, including recruitment and training programs, to ensure that qualified personnel will be available for succession to executive positions and report on this matter to the Board.		x
H.	Approve the succession planning process for the CEO and executive team.		x
I.	Oversee the Code including:		x
	i) review the Code and recommend revisions;		x
	ii) ensure a system to monitor compliance with the Code is in place; and		x
	iii) lead the Board in considering any explicit or implicit waivers of the Code.	As applicable	
J.	Oversee, monitor compliance with, periodically review and recommend revisions to the Board for approval:		x and ongoing
	i) Whistleblower Policy;		x
	ii) Anti-Hedging Policy;		x
	iii) Diversity Policy;		x
	iv) Insider Trading Policy;		x
	v) Share Ownership Policy;		x
	vi) Clawback Policy;		x
	vii) Confidential Information Policy; and		x
	ix) any other governance related policies of the Corporation from time to time.	As applicable	
K.	Review reports of non-compliance with the Code.	As applicable	
K.	Monitor compliance by Directors and management with the Share Ownership Policy and recommend to the Board any waivers of the Share Ownership Policy for the benefit of any Director or member of management in situations of non-compliance.	x	x
M.	Appoint the Disclosure Committee		
N.	Ensure that the Corporation's governance disclosure material is accurate and meets or exceeds all regulatory guidelines.	x	

## GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE CHECKLIST

	Task	Meeting <sup>(1)</sup>	
		Q1	Q4
O..	Recommend to the Board any reports on corporate governance that may be required or considered advisable.	x	x
P.	Ensure there is a process of good governance applicable to the Corporation's subsidiaries.		x
Q.	At the request of the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Corporation.	x	x
R.	Ensure there is a process of good governance applicable to the Corporation's subsidiaries and make recommendations to the subsidiaries' boards of directors regarding good governance practices and policies, as appropriate.		x
<b>II</b>	<b>Board Composition, Evaluation and Nomination Duties and Responsibilities</b>		
A.	In consultation with the Chairman of the Board and CEO, recommend committee members and committee chair appointments to the Board for approval and review the need for, and the performance and suitability of, those committees and make recommendations as required.	x	
B.	Review and consider the Board's and each committee's current and long term composition by taking into account:	x	
	i) the size of the Board or committee;	x	
	ii) the particular competencies and skills ideal for the Board or committee, including requirements to staff certain Board committees;	x	
	iii) the competencies and skills each existing director possesses; and	x	
	iv) alignment with and the effectiveness of the Diversity Policy.	x	
C.	Review and report to the Board regarding the Diversity Policy, the level of diversity on the Board and any related targets and timelines.	x	
D.	Review the Director qualification criteria including the number of boards on which a director may sit, and each director's tenure, retirement plans and succession plans.	x	
E.	In consultation with the Chairman of the Board and the CEO, the Committee shall oversee the identification and selection process for new Board candidates, including whether to engage an outside search firm and the process and timeline for interviewing new candidates and recommend to the Board nominees for election as members of the Board and its subsidiaries, keeping in mind the competencies and skills each new nominee will bring to the Board.	x	x
F.	In making its recommendations for nominees for directors, the Committee will consider and advise the Board as to the guidelines for the composition of the Board.	x	x
G.	Implement evaluations of the Board, the Chairman of the Board, Board committees and individual directors as outlined in the Board Manual, Board Evaluation Process.	x	x
<b>III</b>	<b>Compensation and Management Duties and Responsibilities</b>		
A.	Review and recommend to the Board for approval corporate performance short-term and long-term incentive plan scorecards design, and annually recommend performance scorecard results to the Board for approval.	x	
B.	Review and recommend for Board approval, corporate goals and objectives for the CEO to be considered in determining his or her compensation and performance evaluation.	x	
C.	Review and recommend the compensation philosophy, guidelines and plans for the Corporation's employees and executives.	x	



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	Task	Meeting <sup>(1)</sup>	
		Q1	Q4
D.	Establish a compensation peer group and review the compensation of the peer group at least annually against the selection criteria and recommend any changes to the Board for approval.	x	
F.	Establish a performance peer group of publicly-listed companies for purposes of establishing relative TSR performance and recommend any changes to the Board for approval.	x	
G.	Review and consider the risk implications of the Corporation's compensation policies and practices and risks related to workforce management and retention.	x	
H.	Review, in consideration of peer group compensation, the directors' compensation program and make any recommendations to the Board for approval.	x	
I.	In consultation with the CEO and considering peer group compensation, review the appointment and approve the compensation, including incentives and bonuses and benefit plans for the executive team including the CEO.	x	
J.	In consultation with the CEO, review all other compensation principles or policy matters including the annual budget for base salaries and bonuses, long-term incentives such as stock option plans, performance and restricted share unit plans and other benefits.	x	
K.	Review circumstances on which the Clawback Policy may apply and recommend to the Board any instances where the Clawback Policy should be applied.	As applicable	
L.	Review and endorse major changes in the organizational structure of management as proposed by the CEO.	As applicable	
M.	Review and recommend to the Board for approval, the disclosure of executive compensation in the management information circular and any other disclosure required by applicable regulatory, securities and stock exchange laws, rules and regulations.	x	
N.	Review and approve any significant public service commitments and/or outside Board appointments being considered by the CEO.	As applicable	
<b>IV</b>	<b>Other</b>		
A.	Review Governance, Nominating and Compensation Committee Reports.	x	x
B.	Review terms of reference for Governance, Nominating and Compensation Committee and make recommendations to the Board.		x
C.	Other initiatives at the request of the Board.	As applicable	

**Note:**

(1) Pursuant to the Terms of Reference for the Governance, Nominating and Compensation Committee, the Committee is required to meet at least twice annually. Additional meetings will be convened as necessary.