

**PEYTO EXPLORATION & DEVELOPMENT CORP.****ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE****MANDATE AND TERMS OF REFERENCE****I. ROLE AND OBJECTIVE**

The Environmental, Social and Governance Committee (the "Committee") is a committee of the board of directors (the "Board") of Peyto Exploration & Development Corp. (the "Corporation"). The purpose of the Committee is to provide oversight of, and carry out the responsibilities delegated by the Board related to environmental, social and governance ("ESG") and sustainability matters, which include:

- actions the Corporation can take to be, and be known as, a responsible and good corporate citizen in the communities in which it operates, while furthering its long-term business object;
- social, political and environmental trends, risks and opportunities that affect the Corporation's business strategy and performance; and
- communication, engagement and relationship-building with communities, stakeholders, decision makers and Indigenous Peoples critical to the Corporation's ability to build and sustain public trust and confidence

**II. MEMBERSHIP OF COMMITTEE**

Following each annual meeting of shareholders of the Corporation, the Board shall elect from its members, not less than three (3) directors to serve on the Committee. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as two members remain on the Committee. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted

**III. DUTIES AND RESPONSIBILITIES OF THE CHAIR**

The Chair is responsible for:

- A. providing leadership to the Committee, assisting the Committee in reviewing and monitoring its responsibilities and reporting to the Board on the recommendations and decisions of the Committee;
- B. designating the times and places of Committee meetings, ensuring Committee meetings are duly convened and that quorum is present when required;
- C. working with management of the Corporation on the development of agendas and related materials for the Committee meetings and ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required; and

D. ensuring Committee meetings are conducted in an efficient, effective and focused manner.

#### **IV. MANDATE AND RESPONSIBILITIES OF THE COMMITTEE**

The Committee is responsible for oversight of ESG and sustainability matters and shall, as permitted by and in accordance with the requirements of the Corporation's articles, by-laws and applicable law:

- A. review, approve or make recommendations to the Board or to the board(s) of the Corporation's subsidiaries and affiliates in respect of ESG and sustainability matters, including but not limited to the Corporation's progress on integrating ESG factors into business strategy and decision-making; and
- B. provide oversight on the Corporation's policies and strategies for performance, communications and engagement on ESG and sustainability matters in order to ensure the effectiveness with which the Corporation meets its obligations and achieves its objectives with respect to being a responsible and good corporate citizen.

The Committee's primary duties and responsibilities for the oversight of ESG and sustainability matters are as follows:

##### ***Policies and Strategies***

- (a) review, approve or recommend to management of the Corporation and/or the Board policies and priorities related to ESG and sustainability matters, including the following:
  - climate and energy;
  - Indigenous rights and relationships;
  - stakeholder engagement;
  - community investment;
  - community and landowner awareness on pipeline safety; and
  - political contributions;
- (b) receive and review periodic reports from management regarding the Corporation's initiatives and opportunities to optimize its climate related and sustainability performance including processes to reduce or substitute energy and water use, reduce emissions and waste and minimize land disturbance;
- (c) provide oversight of the Corporation's programs to identify social, political and environmental trends in public debate, public policy, regulation and legislation that may impact the Corporation's strategies and business interests and recommend, where significant, appropriate responses to management of the Corporation and/or the Board;
- (d) provide oversight of the Corporation's performance, engagement and communications directed towards building public confidence and stakeholder trust;

##### ***Performance, Communications and Engagement***

- (e) review and provide oversight of the Corporation's conduct of business in a socially responsible, ethical and transparent manner;
- (f) review and provide oversight on the incorporation of ESG factors in the Corporation's reporting and public disclosure on ESG and sustainability matters, including use of reporting frameworks and methodologies for annual and specialized disclosure, as well as the Corporation's position in relevant independent ranking systems;
- (g) review and provide oversight of the Corporation's programs and processes for community, Indigenous and governments relations, including community investment and partnerships and communication, consultation and engagement with key stakeholders, rights-holders and decision makers, to ensure a rigorous and systemic approach;

***Other***

- (h) provide oversight with respect to risk management in ESG and sustainability areas; and
- (i) address any other matter properly referred to the Committee by the Chair of the Board, the Board, a director, the Chief Executive Officer, or the management of the Corporation for review, recommendation or decisions.

The Committee shall have the right, as deemed necessary by the Committee from time to time, to:

- (a) request reports and examine such records as it deems necessary to ensure that reasonable measures are in place to manage social and environmental issues and prevent non-compliance with applicable corporate policies and regulatory requirements;
- (b) furnish such recommendations to the Boards of Directors of the Corporation's subsidiaries or affiliates as the Committee deems appropriate with respect to ESG and sustainability matters; and
- (c) meet separately with management of the Corporation, employees or independent advisors in respect of ESG and sustainability matters.

**V. MEETINGS AND ADMINISTRATIVE MATTERS**

- (a) At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
- (b) The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
- (c) A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
- (d) Meetings of the Committee should be scheduled to take place at least two times per year and at such other times as the Chair of the Committee may determine.

- (e) Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
- (f) The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
- (g) Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
- (h) If determined appropriate, following meetings of the Committee, a list of tasks or matters to be followed up upon shall be prepared including the time table for completion thereof and the responsibility for completion, the status of which matter shall be reviewed at the next meeting of the Committee or as otherwise determined by the Committee.
- (i) Supporting schedules and information reviewed by the Committee shall be available for examination by any director.
- (j) The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at such compensation as established by the Committee and at the expense of the Corporation without any further approval of the Board.
- (k) Any issues arising from these meetings that bear on the relationship between the Board and management of the Corporation should be communicated to the Chairman of the Board by the Committee Chair.

## **VI. NO RIGHTS CREATED**

This Mandate and Terms of Reference are a broad policy statement and are intended to be part of the Committee's flexible governance framework. While this Mandate and Terms of Reference should comply with applicable laws, regulations and stock exchange requirements, and the Corporation's articles and by-laws, this Mandate and Terms of Reference do not create any legally binding obligations on the Committee, the Board or the Corporation.