

**ADVANTAGE OIL & GAS LTD.**  
**(the "Corporation")**

**GOVERNANCE COMMITTEE**

**Terms of Reference**

1. **Establishment of Governance Committee:** The board of directors ("**Board**") hereby establish a committee to be called the Governance Committee (the "**Committee**").
2. **Membership:** The Committee shall be composed of three members or such greater number as the Board may from time to time determine, all of whom shall be "independent" as defined in National Instrument 52-110 – "Audit Committees". Members shall be appointed annually from among the members of the Board.
3. **Mandate:** The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally assume responsibility for developing the approach of the Corporation to matters concerning corporate governance, health, safety and environmental matters, corporate social responsibility ("**CSR**") and sustainability matters and, from time to time, shall review and make recommendations to the Board as to such matters. Specifically, the Committee will have the authority and responsibility for:

*Corporate Governance Matters*

- (a) annually review the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
- (b) considering and, if thought fit, approving requests from directors or committees of directors of the engagement of special advisors from time to time;
- (c) reviewing on a periodic basis the composition of the Board and ensuring that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;
- (d) assessing, at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
- (e) establishing criteria for potential candidates for Board membership and have such criteria approved by the Board;
- (f) identifying individuals qualified to become Board members, consistent with criteria approved by the Board and maintaining a list of potential candidates for Board membership and where appropriate, interviewing potential candidates for Board membership;
- (g) the retention and termination of any search firms used to identify director candidates, including sole authority to approve the search firms' fees and other retention terms;

- (h) to select, or recommend that the Board select, the director nominees for the next annual meeting of shareholders;
- (i) developing and recommending to the Board a set of corporate governance guidelines applicable to the Corporation;
- (j) preparing and recommending to the Board annually a statement of corporate governance practices that may be included in the Corporation's annual report, information circular and/or other public documents;
- (k) implementation of an orientation and education program for new recruits to the Board;
- (l) with the assistance or recommendations of Management or outside consultants where appropriate, make recommendations to the Board regarding appointments of corporate officers;
- (m) when required, establish, review and update periodically (as required) a code of business conduct and ethics (the "**Code**") and review the system that Management has established to monitor compliance with this code;
- (n) review Management's monitoring of the Corporation's compliance with the organization's Code;
- (o) conducting an annual performance evaluation of the Committee in the Corporation's annual information circular in accordance with applicable rules and regulations; and
- (p) reviewing and recommending to the Board the succession plan for senior executives and matters in respect of executive capacity.

***Health, Safety and Environment Matters***

- (a) review the Corporation's policies, programs and internal control systems with respect to health, workforce safety, asset integrity, field operations, process safety and environmental protection. Monitor performance relative to internal objectives and industry practice;
- (b) review the Corporation's policies and programs for achieving compliance with engineering standards, codes, regulations and applicable laws;
- (c) review and report to the Board:
  - (i) on the Corporation's performance in the areas of health, workforce safety, process safety, environmental protection, field operations and compliance with codes, standards, regulations and applicable laws;
  - (ii) on emerging trends, issues and regulations related to health, workforce safety, process safety, environmental protection and field operational excellence;
  - (iii) the findings of any significant report by regulatory agencies, external health, safety and environmental consultants or auditors concerning the Corporation's performance in health, safety and environment and any necessary measures taken to address issues and risks with regards to the Corporation's performance in the

areas of health, safety and environment that have been identified by the Corporation, auditors or by regulatory agencies;

- (iv) the results of any review with Management, outside accountants and legal advisors of the implications of major corporate undertakings;
- (v) a framework for Management's decisions on abandonment and reclamation, including appropriate decommissioning liability determination; and
- (vi) policies, approach and other strategies of the Corporation relating to security and the safeguarding of the Corporation's premises, installations, assets and personnel, including cybersecurity.

***Corporate Social Responsibility ("CSR") and Sustainability Matters***

- (a) review, approve or make recommendations to the Board in respect of CSR and sustainability matters, including but not limited to the Corporation's ongoing integration of social, environmental and governance (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 CSR 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 CSR and sustainability matters are as follows:

***Policies and Strategies***

- (i) review, approve or recommend to Management and/or the Board policies and priorities related to CSR and sustainability matters, including the following:
  - climate and energy
  - indigenous relationships
  - stakeholder engagement
  - community affairs
  - political contributions
- (ii) 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 and/or the Board; and
- (iii) provide oversight of the Corporation's performance, engagement and communications directed towards building public confidence and stakeholder trust.

*Performance, Communications and Engagement*

- (iv) review and provide oversight of the Corporation's conduct of business in a socially responsible, ethical and transparent manner;
- (v) review and provide oversight on the incorporation of ESG factors in the Corporation's reporting and public disclosure on CSR and sustainability matters, including use of reporting frameworks and methodologies; and
- (vi) review and provide oversight of the Corporation's programs and processes for community, indigenous, stakeholder and governments relations, including community investment and partnerships and communication, consultation and engagement with key stakeholders, rights-holders and decision makers, in an effort to provide a rigorous and systemic approach;

*Other*

- (vii) provide oversight with respect to risk management in CSR and sustainability areas; and
- (viii) address any other matter properly referred to the Committee by the Chair of the Board, the Board, a Director, the Chief Executive Officer, or Management for review, recommendation or decisions;
- (c) review any matters relating to the preparation, assumptions, evaluation processes and resulting outcomes for any sustainability report of the Corporation; and
- (d) reviewing annually the Committee's Terms of Reference.

**4. Administrative Matters:** The following general provisions shall have application to the Committee:

- (a) two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
- (b) 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. 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 a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee;
- (c) 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;
- (d) the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined

by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board;

- (e) unless otherwise designated by the Board, the members of the Committee shall elect a Chair from among the members and the Chair shall preside at all meetings of the Committee. The Chair of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the members of the Committee shall appoint one of their members to act as Chair. Notwithstanding the foregoing, in all circumstances the Chair must be an outside director, unrelated to the Corporation; and
- (f) 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.