



## **HUMAN RESOURCES, GOVERNANCE AND COMPENSATION COMMITTEE MANDATE**

### **1. PURPOSE**

The purpose of the Human Resources, Governance and Compensation Committee (the "**Committee**") of the board of directors (the "**Board**") of Obsidian Energy Ltd. ("**Obsidian Energy**") is to assist the Board in fulfilling its oversight obligations relating to corporate governance issues, human resources and compensation matters, including, but not limited to, Chief Executive Officer (the "**CEO**") and executive officer compensation, and succession plans for senior management, all as further described below. The Committee will also review and/or approve any other matters specifically delegated to the Committee by the Board.

### **2. SPECIFIC RESPONSIBILITIES**

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

- (a) Review, receive reports from management regarding, and, in the Committee's discretion, make recommendations to the Board for consideration with respect to, the overall main human resource policies, trends and organizational issues, including in respect of recruitment, performance management, compensation, benefit programs, resignations/terminations, training and development of management in relation to succession planning and organizational planning and design.
- (b) Annually, and when significant changes are proposed by management, review, and subject to the Committee's discretion, recommend to the independent members of the Board for consideration, the overall compensation philosophy, guidelines and plans for Obsidian Energy employees and executives, including in respect of base salaries, short-term incentive plans, long-term incentive plans, benefit plans and perquisites, as well as short-term and long-term corporate goals and objectives and other performance measures.
- (c) Annually review and make recommendations to the independent members of the Board respecting salaries, cash bonuses, any other short-term incentive compensation, grants of options and any other equity-based or long-term incentive compensation and other terms of employment of the officers of the Company, including, without limitation, the CEO.
- (d) Annually review and make recommendations to the independent members of the Board respecting the annual budgets for salaries, cash bonuses, any other short-term incentive compensation, grants of options and any other equity based or long-term incentive compensation for employees other than executive officers.

- (e) Annually, review and make recommendations to the independent members of the Board respecting the corporate goals and objectives relevant to CEO compensation, based on the evaluation completed by the independent members of the Board on the CEO's performance pursuant to the goals and objectives approved by those members, and make recommendations to the independent members of the Board regarding the CEO's annual compensation, including salary, cash bonus any other short-term incentive compensation, any grants of options and any other equity based or long-term incentive compensation. The CEO may not be present during any voting or deliberations with respect to the compensation of the CEO.
- (f) Review and, subject to the Committee's discretion, recommend to the Board for consideration, proposed appointments of officers of Obsidian Energy, including the terms of any executive employment agreements, and succession plans for the CEO and other executive officers, including recruitment and training programs.
- (g) Review and, in the discretion of the Committee, recommend to the Board for consideration, the compensation discussion and analysis and related disclosures of executive compensation for inclusion in management proxy circulars and other documents for public release; and review reports concerning Obsidian Energy's corporate governance practices as required by any applicable law, regulation or stock exchange rules, including, but not limited to, information on the Company's corporate governance practices included in the management proxy circular in connection with each annual meeting of the Company's shareholders.
- (h) Review on an ongoing basis the effectiveness of the Board and its Committees in fulfilling the mandate of the Board of Directors.
- (i) Ensure that the Board has structures and procedures in place to ensure that the Board can function independently of management, act as a forum for concerns of individual directors, and for communication between the Company's shareholders and other stakeholders and the Board.
- (j) Develop, periodically review, and make recommendations to the Board for consideration with respect to, an orientation and education program for new members of the Board and the continued development of existing members of the Board.
- (k) Annually review, and recommend to the Board for consideration, the appointments to each committee of the Board.
- (l) Periodically review, and make recommendations to the Board for consideration with respect to, compensation for Directors of Obsidian Energy, any other arrangements pursuant to which monies are payable to a director or a party related to a director, and the Company's policy on mandatory share ownership for directors, and annually review the status of share ownership of directors relative to the requirements under the Company's policy on mandatory share ownership for directors.
- (m) Periodically review and, in the Committee's discretion, make recommendations to the Board for consideration regarding, Obsidian Energy's policies on tenure and other terms of members of the Board.

- (n) Annually review, assess and, in the Committee's discretion, make recommendations to the Board for consideration regarding, the independence of each member of the Board and any new director nominee.
- (o) Annually, and more frequently if necessary to fill a vacancy on the Board, review and make recommendations to the Board regarding the composition of the Board and candidates for nomination for election as directors, having regard to, among other things, Obsidian Energy's Diversity Policy, including the following:
  - (i) Assessment of the appropriate composition of the Board, including desired competencies, skills and diversity to be possessed by the Board as a whole;
  - (ii) Assessment of the appropriate size of the Board;
  - (iii) Assessment of the skills, diversity and competencies of existing directors, and formulation of criteria for candidates considering those existing skills, diversity and competencies;
  - (iv) Assessment of any offer to resign by any member of the Board, including resignations tendered in relation to Obsidian Energy's retirement policy or Majority Voting Policy for directors; and
  - (v) Establishment of procedures for identifying and approaching potential director candidates.
- (p) Annually review, assess and, in the Committee's discretion, make recommendations to the Board for consideration regarding, the financial literacy standards applicable to Audit Committee members and the member(s) of the Board to be designated as "audit committee financial expert(s)" (as defined under the United States Securities Exchange Act of 1934, as amended).
- (q) Annually review, assess, receive comments from each relevant Committee of the Board regarding, and, in the Committee's discretion, make recommendations to the Board for consideration regarding, the Mandates or Terms of Reference for the Board, each Committee of the Board, each Committee Chair and individual directors.
- (r) Establish and carry out performance evaluation processes annually for the Board, the Committee and the other committees of the Board and periodically with respect to each individual member of the Board.
- (s) Periodically review and assess Obsidian Energy's Governance Guidelines including reviewing legislative and corporate governance practice updates and recommend to the Board such steps as the Committee decides, are appropriate to align the Corporation's governance practices with proper corporate governance practices, with reference to National Policy 58-201 Corporate Governance Guidelines and other authoritative guidelines on corporate governance.
- (t) Review, and make recommendations to the Board with respect to, Obsidian Energy's director and officer insurance policy, including appropriate coverage levels.

- (u) Review and consider the engagement at the expense of Obsidian Energy of professional and other advisors by any individual director when so requested by any such director at the expense of Obsidian Energy.
- (v) Review and/or approve such other matters specifically delegated to the Committee by the Board.
- (w) Recommend to the Board such codes of conduct and other policies as are appropriate to deal with the confidentiality of Obsidian Energy's information, insider trading and Obsidian Energy's timely disclosure and other public company obligations.

## **2. COMPOSITION**

- (a) Committee members shall be appointed and removed by the Board and the Committee shall be composed of three directors of Obsidian Energy or such greater number as the Board may from time to time determine. Provided the Board Chair is an independent non-executive member of the Board, the Board Chair shall be a non-voting ex officio member of the Committee, subject to subparagraph 4(d) below.
- (b) Each member of the Committee shall be an "independent" director in accordance with the definition of "independence" in National Instrument 58-101 Disclosure of Corporate Governance Practices and Sections 803(A)(2) and 805(c) of the NYSE American Company Guide, and in accordance with all other applicable securities laws and the rules of any stock exchange on which Obsidian Energy's securities are listed for trading; provided, however, that the members of the Committee need not meet such independence requirements if there is an available exemption therefrom and Obsidian Energy complies with the requirements for claiming such an exemption, and as amended from time to time.
- (c) The Board shall appoint the Chair of the Committee from among the Committee members.

## **3. KNOWLEDGE & EDUCATION**

Committee members should have or obtain sufficient knowledge of Obsidian Energy's corporate governance, compensation and human resource policies and procedures and applicable regulatory requirements including, but not limited to, the compensation and benefit plans to assist in providing advice and counsel on corporate governance, compensation and human resource issues and ongoing compliance and improvements to Obsidian Energy's corporate governance activities and compensation and human resource issues. Members shall be encouraged as appropriate to attend relevant educational opportunities at the expense of Obsidian Energy.

## **4. MEETINGS**

- (a) The Committee shall meet at least two times each year, at the call of the Committee Chair. The Committee Chair may call additional meetings as required. In addition, a meeting may be called by the Board Chair, the CEO or any member of the Committee.
- (b) Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by other electronic means of communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting. A member may, in any manner, waive

notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice.

- (c) Agendas, with input from management and the Committee Chair, shall be circulated by the Committee Secretary to Committee members and relevant members of management along with appropriate meeting materials and background reading on a timely basis prior to Committee meetings.
- (d) A quorum shall be a majority of the members of the Committee present in person or by telephone or video conference or by other electronic or communication medium or by a combination thereof. If an independent ex officio non-voting member's presence is required to attain a quorum, then such member shall be a voting member of the Committee for such meeting.
- (e) The Committee Chair shall be a full voting member of the Committee. If the Committee Chair is unavailable or unable to attend a meeting of the Committee, the Committee Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen to preside over the meeting by a majority of the members of the Committee present at such meeting. The Chair of any Committee meeting (including, without limitation, any Chair selected in accordance with the foregoing) shall have a casting vote in the event of a tie on any matter upon which the Committee votes during such meeting.
- (f) Members of the Company's management and such other Company staff as are appropriate to provide information to the Committee shall be available to attend meetings upon invitation by the Committee. The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee; however, independent directors, including the Board Chair, shall always have the right to be present. As part of each Committee meeting the Committee members will also meet "in-camera" without any members of management present, and in the Committee's discretion, without any other members of the Board who are not Committee members present.
- (g) The secretary to the Committee (the "**Committee Secretary**") will be either the Corporate Secretary of Obsidian Energy or his/her designate. The Committee Secretary shall record minutes of the meetings of the Committee, which shall be reviewed and approved by the Committee and maintained with Obsidian Energy's records by the Committee Secretary. The Committee shall report its activities and proceedings to the Board by oral or written report at the next Board meeting and by distributing the minutes of its meetings. Supporting schedules and information reviewed by the Committee shall be available for examination by any Director.

## 5. RESOURCES

- (a) The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other advisor and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Obsidian Energy, and shall have sole authority to retain, obtain the advice of, and terminate any such consultants, counsel or advisors and to approve any such consultant's, counsel's or advisor's fees and retention terms. The Committee shall be directly responsible for the

appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other advisor retained by the Committee.

- (b) Obsidian Energy shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other advisor retained by the Committee.
- (c) Prior to selecting a compensation consultant, legal counsel or other advisor to the Committee, the Committee must take into consideration all factors relevant to that person's independence, including the factors contained in Rule 805(c)(3) of the NYSE American Company Guide.
- (d) The Committee shall have access to Obsidian Energy's senior management and documents as required to fulfill its responsibilities and shall be provided with the resources necessary to carry out its responsibilities.
- (e) The Committee may, by specific invitation, have other resource persons in attendance to assist in the discussion and consideration of matters relating to the Committee.

## **6. DELEGATION**

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that are permitted to be delegated to such person or committee in accordance with applicable laws, regulations and stock exchange requirements.

## **7. STANDARDS OF LIABILITY**

- (a) Nothing contained in this Mandate is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in this Mandate are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.
- (b) The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board.