



ANTI-CORRUPTION POLICY

APPLICATION

The nature of the oil and gas industry may require Pengrowth Energy Corporation and its subsidiaries and affiliates (collectively, "**Pengrowth**") to operate in a wide range of legal and business environments, many of which challenge our firm. Pengrowth seeks to conduct its business in an open and above-board manner in all jurisdictions in which we operate, seek to operate or from which we solicit investment. We do not seek any improper influence nor will we tolerate even the appearance of impropriety in the actions of our directors, officers, employees, consultants, contractors and agents (each, a "**Member**").

PURPOSE

Pengrowth strives to be a "Good Corporate Citizen" and maintain our reputation for the highest ethical standards in all our business activities. Every Member is committed to conduct business with honesty and integrity.

The purpose of this Anti-Corruption Policy (the "**Policy**") is to reiterate that commitment and to explain the specific requirements and prohibitions of Canadian and relevant foreign laws that reinforce and police this commitment, no matter where in the world Pengrowth operates.

Members involved in both domestic and international business must familiarize themselves with this Policy and with applicable domestic and international practices and relevant legislation in order not to knowingly or unknowingly compromise Pengrowth's corporate values or violate the law.

DEFINITIONS

"**Acts**" means the Canadian Act and the U.S. Act.

"**Agent**" means a person, a corporation or other entity retained by Pengrowth to represent its business interests or act on its behalf in a particular country.

"**Bribe**" means any payment, promise to pay, or authorization of the payment of any money, gift, reward, advantage or benefit of any kind, that has been given or offered either directly or through an Agent or other intermediary, in order to influence the making or not making or implementation of a decision or act by a Foreign Official, and also means all attempts to make such payments.

"**Canadian Act**" means Canada's *Corruption of Foreign Public Officials Act*.

"**Designated Person**" means the President and Chief Executive Officer, Chief Financial Officer, or General Counsel and Corporate Secretary as each case may require.

"**Facilitating Payment**" means an occasional small payment, promise to pay, or authorization of a payment made solely to expedite or secure the performance of routine government actions such as:

- (a) obtaining licences, permits and other official documents to qualify to do business in a Foreign State;
- (b) processing governmental papers, such as visas and work permits;
- (c) providing or obtaining police protection, telephone service, utilities, and mail services;
- (d) loading or unloading cargo, inspection of goods and protecting perishable goods from deteriorating; or
- (e) actions of a similar nature.

"Foreign Official" includes:

- (a) any officer or employee of a Foreign State;
- (b) any officer or employee of a public international organization (e.g., the International Monetary Fund, the World Bank, or the European Union);
- (c) any officer or employee of a Foreign State-owned or controlled enterprise;
- (d) any person acting in an official capacity for or on behalf of any Foreign State, or any public international organization; and
- (e) any political party and official of a Foreign State or candidate for political office.

"Foreign State" means a country other than Canada, and includes

- (a) any political subdivision of that country;
- (b) the government, and any department or branch, of that country or of a political subdivision of that country; and
- (c) any agency of that country or of a political subdivision of that country.

"Improper Payment" means a Bribe, Kickback or Facilitating Payment.

"Kickback" means the payment, promise to pay, or the authorization of the payment of a portion of contract consideration to another contracting party. This includes the improper utilization of sub contracts, purchase orders, consulting agreements or gifts to channel payments to principals, employees or other representatives of another contracting party, or to their relatives or business associates.

"U.S. Act" means the United States' *Foreign Corrupt Practices Act*.

POLICY - OVERVIEW

Pengrowth, as an entity offering services to a regulated industry and providing services which relate directly to regulations, must be especially sensitive to all interaction between its Members and domestic or Foreign Officials.

All interaction and communications between Members and domestic or Foreign Officials are to be conducted in the highest ethical manner and must not compromise the integrity or reputation of any domestic or Foreign Official, Pengrowth, its employees or its affiliates.

No one acting on behalf of Pengrowth may use Improper Payments in conducting Pengrowth's business.

Members must comply with all anti-corruption laws wherever Pengrowth does business. Although a particular action or payment might be lawful under Canadian or U.S. legislation, it might not be lawful under the local laws and regulations of the particular Foreign State.

When Pengrowth does business with the Government of Canada or a Foreign State, additional laws and regulations related to government contracting apply. (Bill C-53 and Bill C-55) When Pengrowth enters into contracts with a government it administers these contracts and delivers its products and services in a manner that complies with applicable contracting laws and regulations.

Lobbying activity on behalf of the interests of Pengrowth is permissible, but highly regulated by law. Members who communicate with public officials on issues that affect Pengrowth should contact a Designated Person to ensure that such activities fully comply with applicable law and that Pengrowth's lobbying efforts are coordinated.

DOING BUSINESS WITH FOREIGN OFFICIALS

It is not *per se* illegal to do business with a Foreign Official, a relative of a Foreign Official, a private company or other business entity owned by a Foreign Official or his or her relative, or with a business which employs a Foreign Official, however, to do so requires a great deal of caution. Such business should only be done at arm's-length, free from any Improper Payments or any intent to influence the actions of the Foreign Official in his or her official capacity, and with the prior review and approval of a Designated Person.

In addition, a Member should not enter into a contract or agreement on behalf of Pengrowth with any business in which a Foreign Official holds a significant interest without the prior approval of a Designated Person.

IMPROPER PAYMENTS

Pengrowth, its Members and Agents shall not, either directly or through an intermediary:

- (a) demand, solicit, seek to profit by or accept an Improper Payment; or
- (b) promise, offer or pay, or authorize the promise, payment or making of an offer to pay an Improper Payment.

In particular, Pengrowth, its Members and Agents shall not, either directly or through an intermediary pay or offer anything of value to a Foreign Official, in order to influence any act within the recipient's official capacity, or to induce the recipient to violate its, his or her lawful duty, or to induce the recipient to use its, his or her influence with any level of government to affect or influence any act or decision of such government for the purpose of obtaining, retaining or directing business, or any undue advantage.

FACILITATING PAYMENTS

Facilitating Payments are considered Improper Payments for the purposes of this Policy.

However, Facilitating Payments may occasionally be made but only in exceptional circumstances and only to persons performing clerical or ministerial functions, and only if all of the following conditions are met:

- (a) the payment falls strictly within the definition of a Facilitating Payment;
- (b) the routine governmental action sought is one to which Pengrowth is legally entitled, but without such payment, such action might nevertheless be refused or inordinately delayed;
- (c) the payment is insubstantial in amount;

- (d) no other alternative to the making of such payment appears feasible;
- (e) the payment is legal under local law; and
- (f) the transaction is accurately entered and identified in Pengrowth's books and records and all appropriate disclosures are made.

Understanding the difference between a Facilitating Payment and a Bribe is critically important. Whether a payment is or is not a Facilitating Payment is often a judgment call. In addition, although a Facilitating Payment might be lawful under the Acts, it might not be lawful under local law. Therefore, unless as a practical matter it is impossible to do so, you can not make a Facilitating Payment without reviewing it with a Designated Person.

GIFTS, ENTERTAINMENT AND TRAVEL EXPENSES FOR FOREIGN OFFICIALS

The offer and acceptance of entertainment, gifts and favours must at all times be in compliance with the policies of the recipient's employer, with Pengrowth's Code of Business Conduct and Ethics and any Pengrowth business unit specific procedures.

Gifts to Foreign Officials or other organizations in which a Foreign Official is or might be involved may potentially violate the Acts and local laws. Therefore, gifts, other than gifts of nominal value bearing Pengrowth's logo, should not be given without the prior review of a Designated Person, which will consider such factors as:

- (a) whether the gift could be construed as related to a request for official action;
- (b) the value of the gift;
- (c) whether the gift is given as a courtesy or token of regard;
- (d) whether the gift would be in accordance with the laws and customs of the applicable country;
- (e) whether there is a pattern of providing frequent gifts to the same person or organization; and
- (f) if the recipient is an organization, its relationship to any Foreign Official.

Cash gifts to Foreign Officials are generally prohibited.

There are no specific prohibitions regarding entertaining Foreign Officials. A course of conduct of providing frequent entertainment to a Foreign Official who is taking favourable actions for Pengrowth is troublesome. Further, such expenditures must be permitted under local law and conform to acceptable local customs.

The Acts permit Pengrowth to only reimburse Foreign Officials for reasonable and *bona fide* travel and lodging expenses which are directly related to the:

- (a) promotion, demonstration, or explanation of products or services; or
- (b) execution or performance of a contract with a Foreign State or related organization.

Pengrowth will pay these expenses directly, if possible, rather than reimburse the Foreign Official, and it is advisable to notify the Foreign State that such expenses will be paid by Pengrowth. Often Foreign States will mandate the payment of travel *per diems*. This practice is acceptable so long as the *per diems* reasonably reflect the expenses not reimbursed by Pengrowth. Be mindful that local laws might prohibit or regulate the reimbursement of travel and lodging expenses. Therefore, Members should not agree to reimburse the travel and lodging expenses of Foreign Officials without the approval of a Designated Person.

In all cases expenditures relating to gifts or entertainment for Foreign Officials must be properly and accurately recorded in Pengrowth's books and records. In all cases any cheque request or business expense report should document (i) the purpose of the payment; (ii) the identity of those receiving the benefit of the payment; (iii) and the amounts involved, and be properly and accurately recorded in Pengrowth's books and records.

AGENTS - DUE DILIGENCE

Prior to Pengrowth retaining an Agent, research and written documentation should be obtained regarding the reputation, background and past performance of the prospective Agent as appropriate in the following areas:

- (a) Management information.
- (b) Ownership information.
- (c) Affiliations.
- (d) Qualifications.
- (e) Financial information.
- (f) Reputation.
- (g) References.
- (h) Local law.
- (i) Compensation.

The Pengrowth Member who is proposing retention of the Agent shall confirm who introduced the Agent to Pengrowth and provide an explanation of why the Agent was selected. The Member and his or her supervisor shall certify that the Agent has been personally interviewed and that there is no reason to believe that the Agent has violated this Policy or will violate this Policy regarding future activities on behalf of Pengrowth. Where appropriate, the Pengrowth Member or the Agent shall be given appropriate training to recognize and avoid giving Improper Payments.

CONTRACTS WITH AGENTS

Pengrowth shall only retain an Agent using a written agreement that contains the following provisions:

- (a) A precise definition of the scope of the Agent's duties; the territory in which the services will be performed, and the compensation of the Agent.
- (b) The Agent shall acknowledge in writing that it, he or she understands the provisions of this Policy and agrees to comply with its terms and applicable laws.
- (c) The Agent shall acknowledge that the contents of the agreement may be disclosed by Pengrowth to third parties including government agencies.
- (d) The Agent shall provide representations and warranties that neither it, nor any of its owners, directors, officers, principals or key employees are Foreign Officials and that it will promptly inform Pengrowth of any changes in that regard.

- (e) Pengrowth expressly states that its choice of Agent was made after considering factors that support a belief that the applicable law and this Policy would not be violated.
- (f) Assignment of the entire agreement or any rights, duties or obligations under the agreement by the Agent is prohibited without Pengrowth's prior written consent.
- (g) Payment shall be by cheque made out in the Agent's name or by wire transfer to a bank account that is registered in the name of the Agent, and located in the country in which the Agent performed the services unless there is an acceptable explanation for other arrangements.
- (h) Travel, entertainment and other miscellaneous expenses shall not be incurred by the Agent without Pengrowth's prior written approval, and all requests for reimbursement must be supported by documentation acceptable to Pengrowth. Detailed records of all approved expenses shall be kept.
- (i) The agreement shall provide for automatic termination without compensation in the event an Agent has made, attempted to make, makes, attempts to make, or proposes to make, an Improper Payment together with the disgorgement of illegal profits earned by any Agents.
- (j) The Agent shall make annual certifications of its compliance with applicable law and this Policy and shall certify that none of the payments made to it, him or her by Pengrowth or acquired from other sources have been used to make an Improper Payment.
- (k) Pengrowth has the right to audit the Agent's compliance with the agreement, including the expenses and invoices of the Agent.
- (l) On an annual basis Management shall consider and review compliance by any Agents with the terms of this Policy.

MANAGING AGENTS

Pengrowth shall take measures reasonably within its power to ensure that:

- (a) any payment made to any Agent represents no more than the amount outlined in the written agreement with the Agent and is an appropriate remuneration for legitimate services rendered by such Agent;
- (b) no part of any such payment is passed on by the Agent as an Improper Payment or otherwise in contravention of applicable law or this Policy;
- (c) it maintains a record of the names and contract terms for all Agents who are retained by it in connection with transactions with Foreign Officials; and
- (d) the activities of the Agent are monitored to ensure that there is no breach of applicable law or this Policy.

TRAINING OFFICIALS

In very limited circumstances Pengrowth may provide training for Foreign Officials. Training should only be provided to Foreign Officials with the approval of a Designated Person.

ACCOUNTING & AUDITING

Pengrowth is committed to maintaining proper internal accounting controls and making and keeping books, records and accounts that, in reasonable detail, accurately and fairly reflect any and all transactions with Foreign Officials. The U.S. Act prohibits knowingly falsifying a company's books and records or knowingly circumventing or failing to implement accounting controls which, in reasonable detail, accurately and fairly reflect its foreign and domestic transactions. If Members have any doubt regarding how to act according to these principles when they are involved in the making and keeping of Pengrowth's books, records and accounts, they must consult a Designated Person.

COMPLIANCE

Members must familiarize themselves generally with the laws, rules and practices of any domestic or international jurisdiction in which Pengrowth operates that are relevant to those Members.

Members involved in international operations or dealings with Foreign Officials must have a basic knowledge of the Acts and with similar laws that apply to their activities and govern our operations in other countries in which we do business.

Pengrowth requires comprehensive anti-corruption compliance training for those Members whose job responsibilities involve anti-corruption compliance.

If any Member finds that adherence to Pengrowth's policy would cause a substantial, adverse effect on operations, or whenever you are concerned that a payment might be viewed as improper, that fact should be reported to a Designated Person, who will determine whether an exception may lawfully be authorized and appropriate in the circumstances.

If you have questions about these laws and regulations or wish to make a report of observed or suspected wrongdoing under this Policy, you should contact a Designated Person. Retaliation by anyone as a consequence of an employee making a good faith report of a possible violation of the law or this Policy is strictly prohibited and will result in disciplinary action, up to and including termination.

Violation of the Acts can result in severe civil penalties for both the individual Member and Pengrowth, and individual criminal penalties including imprisonment for up to 5 years per violation. In addition, a violation may result in other legal and adverse consequences, including securities commission actions or investigations, suspension or debarment from government contracts, revocation or suspension of export license privileges, shareholder lawsuits, disgorgement, and long-term damage to Pengrowth's reputation both in Canada and abroad. Violating any laws governing corruption of Foreign Officials and a violation of the Acts will result in discipline by Pengrowth, up to and including termination of employment.

As stated above, conducting business with Foreign States is not the same as conducting business with private parties or Canadian federal, provincial or municipal governments. These transactions often are covered by special legal rules. You should consult a Designated Person to be certain that you are aware of any such rules, and you must have approval of a Designated Person before providing anything of value to a Foreign Official.

RELATED POLICIES

This policy is one of a series of related policies addressing the business conduct of Members, including Pengrowth's Code of Business Conduct and Ethics.

Adopted by the board of directors of Pengrowth on August 4, 2011.