



MANDATE OF THE BOARD OF DIRECTORS
CORPORATE GOVERNANCE POLICY

In accordance with the recommendation of the Corporate Governance and Nominating Committee (the "**Committee**"), the Board of Directors (the "**Board**") of Pengrowth Energy Corporation ("**Pengrowth**") wishes to formalize the guidelines pursuant to which the Board fulfills its obligations to Pengrowth.

The Board acknowledges the Corporate Governance Guidelines set forth in National Policy 58-201 ("**NP 58-201**") and the overriding objective of promoting appropriate behaviour with respect to all aspects of Pengrowth's business. In consultation with the Committee, the Board will continuously review and modify its terms of reference with regard to the applicable business environment, industry standards on matters of corporate governance, additional standards which the Board believes may be applicable to Pengrowth's business, the location of Pengrowth's business and its shareholders and the application of laws and policies.

The guidelines are intended to be flexible and are intended to provide direction to the Board in conjunction with its legal obligations and mandate from the shareholders to oversee and direct the affairs of Pengrowth.

BOARD RESPONSIBILITIES

As recommended by the provisions of NP 58-201, the Board explicitly acknowledges responsibility for the stewardship of Pengrowth, including responsibility for the following:

1. to the extent feasible, satisfying itself as to the integrity of the President and Chief Executive Officer ("**CEO**") and other executive officers and that the CEO and other executive officers create a culture of integrity and cooperation throughout the organization;
2. adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business and monitoring performance against those plans; the Board will seek recommendations from the CEO with respect to the execution of strategic plans adopted by the Board;
3. identifying the principal risks of Pengrowth's business and ensuring the implementation of appropriate risk management systems; adopt policies and processes to identify business risks; address what risks are acceptable to Pengrowth and ensure that systems and actions are put in place to manage them;
4. succession planning, including appointing training and monitoring senior management;
5. approving Pengrowth's communication policy and other relevant policies, including insider trading and environmental, health and safety matters;
6. requiring management to ensure the integrity of the internal control procedures and management information systems;

7. approving annual capital and operating plans and monitoring performance against those plans (in conjunction with the Reserves, Operations, Health, Safety and Environment Committee, the Audit and Risk Committee will review and recommend these plans to the Board);
8. developing an approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to Pengrowth;
9. developing measures for receiving feedback from shareholders and other stakeholders on the business of Pengrowth and other matters, whether through investor relations, the CEO or other channels independent of management;
10. developing guidelines with respect to expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials, either directly or through recommendations from the Committee;
11. developing clear position descriptions for the Chairman of the Board and the chair of each board committee;
12. together with the CEO, developing a clear position description for the CEO;
13. developing or approving the corporate goals and objectives that the CEO is responsible for meeting; and
14. conducting regular assessments to determine whether the Board, its committees and each individual director are contributing and functioning effectively.

COMPOSITION OF THE BOARD

1. Criteria for the Board of Directors

At least two-thirds of the Board shall be "independent", within the meaning of section 1.4 of National Instrument 52-110 – *Audit and Risk Committees*. The Board is responsible for making the determination of whether a director is independent. It will be the responsibility of the Committee to implement a process for assessing the effectiveness of the Board, its committees and each individual Board member and shall review with the Board, on an annual basis, the results of their assessment.

2. Size of the Board

The size of the Board shall enable its members to effectively and responsibly discharge their responsibilities to Pengrowth and to the shareholders of Pengrowth. The demands upon the Board will likely evolve with the future growth and development of Pengrowth. The size of the Board should be considered over time and within the context of the development of the business of Pengrowth, the formation of committees, the workload and responsibilities of the Board and the required expertise and experience of members of the Board.

BOARD COMMITTEES

- The Board shall, at this time, have the following standing committees:
 1. Audit and Risk Committee;
 2. Corporate Governance and Nominating Committee;
 3. Compensation Committee; and
 4. Reserves, Operations, Health, Safety and Environment Committee.

- The responsibilities of the foregoing committees shall be as set forth in the mandates for these committees as prescribed from time to time by the Board.
- The committees of the Board shall be comprised of a sufficient number of "independent" directors so as to comply with applicable laws.
- Appointment of members to committees shall be the responsibility of the Board, having received the recommendation of the Committee, based upon consultations with the members of the Board. In this regard, consideration should be given to rotating committee members from time to time and to the special skills of particular directors. The chairman of each committee will be selected by the Board. The committee chairs will be responsible for determining the agenda of meetings of their respective committees and determining the frequency and length of meetings, provided that each committee must meet at least semi-annually (with recommended meetings three to four times per year).
- The Board shall regularly assess the effectiveness of each of the committees. An assessment should consider, among other things, the mandate of each committee and the contribution of each member thereof.
- The Board may constitute additional standing committees or special committees with special mandates as may be required or appropriate from time to time. In appropriate circumstances, the committees of the Board shall be authorized to engage independent advisors as may be necessary in the circumstances.
- In discharging his or her obligations, an individual director may engage outside advisors, at the expense of Pengrowth, in appropriate circumstances and subject to the approval of the Committee.

SELECTION OF NEW DIRECTORS AND CHAIRMAN OF THE BOARD

- The Board will ultimately be responsible for nominating or, within the year appointing, new directors and for the selection of its Chairman. However, initial responsibility for identifying and nominating Board members shall reside with the Committee.
- The process of identifying and recommending new directors shall be the responsibility of the Committee, following consultation with members of the Board at large.
- Invitations to join the Board should be extended by the Chairman of the Board.
- New members of the Board shall be provided with an orientation and education program as to the nature of the business of Pengrowth, current issues, strategies and responsibilities of directors.

BOARD EXPECTATIONS OF SENIOR MANAGEMENT AND ACCESS TO SENIOR MANAGEMENT

- The CEO is responsible for the day to day operation of Pengrowth.
- The CEO is encouraged, upon invitation of the Board, to bring appropriate management members to Board meetings in order to expose directors to key members of the management team, to provide reports in their specific areas of expertise and provide additional insight into matters being considered by the Board. However, the Board will ordinarily conduct business with only members of the Board present, with the addition of the Corporate Secretary to ensure that the Board is acting independently of management. Independent Directors should also meet at every meeting, without representatives of management present, under the chairmanship of the Chairman of the Board to fully discuss any procedural or substantive issues which they wish. Results of these meetings should be communicated to the CEO as appropriate. The Board will typically schedule a portion of each meeting as a meeting solely of the independent directors under the direction and chairmanship of the Chairman of the Board.

MEETING PROCEDURES

- The Board should be supported in its work by a Corporate Secretary who has a position description approved by the Board. The Corporate Secretary reports to the CEO and the Chairman of the Board.
- The members of the Board, the Corporate Secretary and a secretary to the meeting should be invited to any regularly constituted meeting of the Board. Officers or other persons shall attend by invitation only and for those elements of the meetings where their input is sought by the members of the Board.

Adopted by the Board of Pengrowth on November 4, 2011.