

# **TRANSGLOBE ENERGY CORPORATION**

## **CHARTER OF COMPENSATION, HUMAN RESOURCES AND GOVERNANCE COMMITTEE**

### **GENERAL FUNCTIONS, AUTHORITY, AND ROLE**

The Compensation, Human Resources and Governance Committee (“CHRGC”) is a committee of the Board of Directors appointed to assist the Board in establishing and reviewing compensation arrangements for the Company’s executive officers, overseeing the development of the Company’s leadership resources and succession plans, identifying new individuals qualified to become Board of Director members, providing a list of Board of Directors nominees for each annual meeting of the Company, ensuring that Board of Directors Committees adhere to their respective charters, and reviewing on an annual basis the corporate governance policies and procedures of the Company.

### **MEMBERSHIP**

The membership of the Compensation, Human Resources and Governance Committee shall be as follows:

- The Compensation, Human Resources and Governance Committee consists of a minimum of three members of the Board of Directors, appointed annually, each of whom is affirmatively confirmed as independent by the Board of Directors, with such affirmation disclosed in the Company’s Management Proxy Circular.
- The membership of the Committee shall meet all independence requirements of the Toronto Stock Exchange or similar requirements of such other securities exchange or quotation system or regulatory agency as may from time to time apply to the Company.
- The Board of Directors will elect, by a majority vote, one member as chairperson.
- A member of the Compensation, Human Resources and Governance Committee may not, other than in his or her capacity as a member of the Compensation, Human Resources and Governance Committee, the Board of Directors, or any other Board of Directors committee, accept any consulting, advisory, or other compensatory fee from the Company, and may not be an affiliated person of the Company or any subsidiary thereof.

### **RESPONSIBILITIES**

The responsibilities of the Compensation, Human Resources and Governance Committee are as follows:

#### **Meetings**

- The Committee will meet at least once a year, on a day determined by the Chair of the Committee, or as often as a majority of the Committee deem necessary to deal with the responsibilities of the Committee. The meeting may be in person or by telephone and the agenda set by the Chair will be circulated in advance of the meeting.

#### **Reporting Responsibilities**

- Provide to the Board of Directors proper Committee minutes.
- Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.

- Deliver an annual report to the Company's shareholders on executive compensation, succession planning and leadership development.

#### **Charter Evaluation**

- Annually review and reassess the adequacy of this charter and recommend any proposed changes to the Board of Directors for approval.

#### **Corporate Goals and Performance**

- Review and recommend corporate goals and objectives relevant to the incentive compensation of the Company's executive officers and employees.

#### **Succession Planning and Leadership Development**

- Review succession plans for key leadership positions.
- Review leadership development plans and progress.
- Develop succession plans for members of the board of directors.

#### **CEO Performance Evaluation**

- Assess CEO performance against annual objectives and recommend CEO compensation for Board approval.

#### **Compensation of Executive Officers & Board Members**

- Determine the salary and benefits of the executive officers considering the corporate compensation philosophy and individual performance, subject to the terms of existing contractual arrangements. Review terms of new executive officer contracts, amendments or renewal of existing executive officer contracts and make recommendations for approval of contracts to the Board of Directors.
- Review the compensation of the Directors in light of time commitments, competitive fees, risks and responsibilities and make recommendations for approval of Directors' fees to the Board of Directors.

#### **Continuous Disclosure**

- Review and recommend to the board of directors the compensation discussion and analysis and corporate governance disclosure included in the management information circular or AIF on an annual basis.

#### **General Compensation**

- Based on recommendations of the Chief Executive Officer, determine the general compensation structure and policies and programs for the Company such that the Company is able to award, attract, motivate and retain key personnel.
- Oversee the Company's long-term stock-based incentive plans including stock option plan, restricted share unit plan, deferred share unit plan, and performance share unit plan and determine the use of each, from time to time, as a form of incentive compensation.
- Based on recommendations of the management team, approve the grant of stock-based long-term compensation to new hires (non-executive).

- Review the annual long-term incentive plans information and recommendations received from management and recommend approval of such by the Board of Directors.
- Review the annual short-term incentive plan information from management and recommend approval of such by the Board of Directors.
- Determine and recommend any other incentive/compensation plan from time to time.
- Review and make recommendations to the Board of Directors on issues that arise in relation to any employment contract in force from time to time.
- Review and approve severance arrangements for executive officers.
- Consider the risks associated with the Company's compensation policies.

#### **Annual Board Nominations**

- Identify, review the qualifications of, and recommend to the Board of Directors possible nominees for the Board of Directors to be proposed in the Company's Management Proxy Circular for election or re-election at each annual general meeting.
- Identify, review the qualifications of and recommend to the Board of Directors possible candidates to fill vacancies on the Board of Directors and Board committees between annual general meetings.
- Engage, upon approval of fees and terms by the full Board of Directors, outside advisors to conduct searches.

#### **Director Assessment**

- Assess Directors on an ongoing basis and oversee the effective functioning of the Board of Directors, including the orientation and education of new recruits to the Board of Directors.

#### **Committee Assessment**

- Assess the Board of Directors' Committee structure on an ongoing basis and recommend changes where appropriate.

#### **Independence**

- To take initiatives, at such times as are desirable or necessary, to ensure that the Board of Directors can function independently of management, including without limitation recommending to the Board of Directors mechanisms, including the appointment of a committee of Directors independent of management, to allow Directors who are independent of management an opportunity to discuss the Company's affairs in the absence of management.
- In appropriate circumstances, where deemed necessary by the Committee, to assist a Director in overseeing management of the Company, but not for the purpose of enabling a Director to participate in the day to day management of the Company, to authorize the engagement of outside advisers by individual Directors at the Corporation's expense.

#### **Relationship Management**

- Oversee the relationship between management and the Board of Directors and to recommend improvements in such relationship to the Board of Directors.

### **Annual Reviews and Recommendations**

- Review the size and composition of the Board of Directors and Committee structure/function, with a view to promoting effectiveness and efficiency.
- Review the appropriateness of the committees of the Board of Directors, their charters, mandates and responsibilities and the allocation of Directors to the committees.
- Review the appropriateness of the terms of the mandate and responsibilities of the Board of Directors.
- Review the appropriateness of the duties and responsibilities of the Chairperson of the Board of Directors.

### **General**

- Undertake such other initiatives as are needed to assist the Board of Directors in providing efficient and effective corporate governance for the benefit of shareholders.

### **Use of Independent Services**

- If deemed necessary, upon the approval of the Board of Directors, engage independent advisory services for the provision of appropriate industry compensation data and trends or other information as required by the Committee.

### **Committee Evaluation**

- Undertake an annual Committee self-evaluation.

### **Amendments to Compensation, Human Resources and Governance Committee Charter**

- Annually review this charter and propose amendments to be ratified by a simple majority of the Board of Directors.