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## NOMINATING & GOVERNANCE COMMITTEE

### MANDATE AND TERMS OF REFERENCE

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#### **Role and Objective**

The purpose of the Nominating and Governance Committee (the "Committee") is to assist the board of directors (the "Board") of Baytex Energy Corp. (the "Corporation") in fulfilling its responsibilities relating to the identification of new candidates for the Board and the development and review of the Corporation's approach to governance matters.

#### **Membership of the Committee**

1. The Committee shall be comprised of not less than three members, all of whom shall be "independent" directors within the meaning of National Instrument 52-110 "Audit Committees" and the laws, rules and requirements of the U.S. Securities and Exchange Commission and the New York Stock Exchange, as applicable, subject to any permitted phase-in periods that may apply. The members of the Committee shall be appointed by the Board from time to time.
2. The Board shall appoint the Committee Chair, who shall be an independent director.
3. 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 of the Corporation following appointment as a member of the Committee.

#### **Mandate and Responsibilities of the Committee**

##### ***Nominating***

The Committee shall formulate and make recommendations to the Board in respect of the individuals to be nominated for election at the annual meeting of shareholders or appointment to the Board (provided, however, that the Committee need not select and nominate those directors as to whom the Corporation is legally required by contract or otherwise to provide third parties with the ability to nominate as directors). Without limiting the generality of the foregoing, the Committee shall have the following duties:

1. to review on a periodic basis the composition of the Board and its committees;
2. to assess the independence of each director to ensure that an appropriate number of independent directors sit on the Board and each of its committees;

3. to assess on a periodic basis the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to the Board) and to consider the appropriate size of the Board;
4. to identify individuals qualified to become directors, consistent with criteria approved by the Board, and, as required, maintain a list of potential candidates and, where appropriate, interview potential candidates;
5. to recommend suitable candidates for nominees for election or appointment as directors, and recommend the criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors and in making such recommendations, the Committee should consider:
  - a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
  - b) the competencies and skills that the Board considers each existing director to possess;
  - c) the competencies and skills each new nominee will bring to the boardroom;
  - d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board; and
  - e) whether or not each new nominee contributes to the diversity in gender, age and ethnicity of the Board; and
6. to develop, for the review and approval of the Board, an orientation and education program for new recruits to the Board.

### ***Governance***

1. The Committee shall formulate and make recommendations to the Board in respect of governance matters. Without limiting the generality of the foregoing, the Committee shall have the following duties:
2. to develop, for the review and approval of the Board, a mandate for the Board and each of its committees;
3. to develop, for the review and approval of the Board, position descriptions outlining the duties and responsibilities of the Chair of the Board, Executive Chairman of the Corporation, the Lead Independent Director of the Board, the Chair of each of the Board committees and the President and Chief Executive Officer, as applicable;
4. to review the membership of each Board committee and, where appropriate, make recommendations to the Board regarding potential changes to such membership;
5. to develop, for the review and approval of the Board, a code of business conduct and ethics for the directors, officers, employees and other service providers to the Corporation and its subsidiaries;
6. to develop, for the review and approval of the Board, a code of business conduct and ethics for the principal executive, financial and accounting officers of the Corporation;
7. to develop, for the review and approval of the Board, a disclosure policy for the Corporation;
8. to develop, for the review and approval of the Board, an insider trading policy for the Corporation;
9. to assess on a periodic basis the effectiveness of the Board and Management Diversity Policy;

10. to review on a periodic basis each of the documents referenced above and, where appropriate, recommend amendments to the Board for consideration;
11. to prepare and recommend to the Board any required disclosures of governance practices to be included in the information circular of the Corporation, or such other document as may be required under applicable securities laws or otherwise;
12. to develop and recommend to the Board an annual performance evaluation process for the Board and its Committees, and oversee the process the Board and its Committees use to conduct annual performance evaluations of the Board and management;
13. to develop and recommend to the Board a set of corporate governance guidelines applicable to the Corporation; and
14. to consider any other matters which would assist the directors to meet their governance responsibilities, including adherence to any appropriate governance guidelines established by the Canadian securities regulatory authorities or other regulatory bodies, and to this end, monitor, on a continuous basis, regulatory law and guidelines in respect of governance matters.

#### ***Overall***

1. Consider any other matters which would assist the directors to meet their responsibilities, including matters assigned to the Committee under the Corporation's Enterprise Risk Management system.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present a chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least once per year and at such other times as the Chair of the Committee may determine.
5. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
6. The Committee may invite those officers, directors and employees of the Corporation and its subsidiary entities 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.
7. Minutes of the Committee's meetings will be recorded and maintained and made available to any director who is not a member of the Committee upon request.

8. The Committee shall conduct an annual evaluation of its performance in fulfilling its duties and responsibilities under this mandate, and shall assess the adequacy of the reporting and information provided by management to support the Committee's oversight responsibilities.
9. The Committee shall have sole authority to retain and terminate search firms to identify director candidates (including sole authority to approve the search firm's fees and other retention terms), persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities. The Committee shall have authority and appropriate funds to retain, consult with and compensate search firms, outside counsel and other advisors as the Committee may deem appropriate.
10. The Committee may form and delegate authority to subcommittees when appropriate.
11. Any issues arising from Committee meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board, Executive Chair or the Lead Independent Director, as applicable, by the Committee Chair.