

# BOARD CHARTER



## I. GENERAL

The Board of Directors (the "Board") has the responsibility to supervise the management of the business and affairs of Pembina Pipeline Corporation ("Pembina" or the "Corporation") and to act in the best interests of the Corporation, including holders of the Corporation's shares (the "Shareholders"). A fundamental objective of the Board is to enhance and preserve the amount of cash to be distributed to the Corporation's Shareholders, to enhance and preserve the long-term value and success of the Corporation, to confirm that the Corporation meets its obligations on an ongoing basis and to confirm that Pembina operates in a safe and reliable manner. In performing its functions, the Board will, when required by law, consider the legitimate interests of its other stakeholders (such as employees, customers and communities).

The Board has responsibility for managing its own affairs and the stewardship of the Corporation, including constituting committees of the Board and determining director compensation. The Board oversees the systems of corporate governance and financial reporting and controls to satisfy itself that the Corporation reports adequate and fair financial information to Shareholders and engages in ethical and legal conduct.

The Board carries out its responsibilities with a view to the purpose of the Corporation. Its role is to support Pembina's commitment to achieving its strategy, including its four strategic priorities:

1. **To be resilient, we will sustain, decarbonize, and enhance our businesses.** This priority is focused on strengthening and growing our existing franchise and demonstrating environmental leadership.
2. **To thrive, we will invest in energy transition to improve the basins in which we operate.** We will prioritize lighter commodities as we continue to invest in new infrastructure and expand our portfolio to include new businesses associated with lower-carbon commodities.
3. **To meet global demand, we will transform and export our products.** We will continue our focus on supporting the transformation of Western Canadian Sedimentary Basin commodities into higher margin products and enabling more coastal egress.
4. **To set ourselves apart, we will create a differentiated experience for our stakeholders.** We remain committed to delivering excellence for our four key stakeholder groups meaning that:
  - *Employees* say we are the 'employer of choice' and value our safe, respectful, collaborative, and inclusive work culture.
  - *Communities* welcome us and recognize the net positive impact of our social and environmental commitment.
  - *Customers* choose us first for reliable and value-added services.
  - *Investors* receive sustainable industry-leading total returns.

This Charter operates in conjunction with the Corporation's Corporate Governance Guidelines, the respective charters of each committee of the Board, the position descriptions for the chair of the Board (the

“Board Chair”), the chair of each committee of the Board (each a “Committee Chair”) and the Chief Executive Officer (“CEO”).

## **II. MEMBERSHIP**

The Board is to consist of a minimum of five (5) and a maximum of thirteen (13) directors. A majority of the Board must be directors who are independent pursuant to the Corporation’s Director Independence Guidelines and applicable law.

The Board shall propose the list of nominees for individual election as directors of the Corporation to be put before the annual meeting of Shareholders of the Corporation to be effected by an ordinary resolution passed by a majority of the votes cast by Shareholders.

## **III. BOARD CHAIR**

The independent members of the Board will appoint the Board Chair annually, who must be independent, as determined pursuant to the Corporation’s Director Independence Guidelines and applicable law.

The Board has approved and will periodically review and approve any changes to the position description for the Board Chair.

## **IV. COMMITTEES OF THE BOARD**

The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it appoints from time to time):

- (a) Audit Committee;
- (b) Human Resources and Compensation Committee;
- (c) Safety, Environment and Operational Excellence Committee; and
- (d) Governance, Nominating and Corporate Social Responsibility Committee.

Each committee will function according to a written charter and will annually review and assess the adequacy of their committee charter and make any recommendations for amendments to the Governance, Nominating and Corporate Social Responsibility Committee. The Governance, Nominating and Corporate Social Responsibility Committee will review and recommend any changes it deems necessary to the Board for approval.

## **V. MATTERS REQUIRING BOARD APPROVAL**

Certain responsibilities of the Board are sufficiently important to warrant the attention of the full Board and, accordingly, are not delegated or are only delegated in a qualified or partial manner, including, other than as required by law:

- (a) submitting to Shareholders any matter requiring their approval;
- (b) filling vacancies among the directors or appointing additional directors;
- (c) approving borrowing;
- (d) authorizing Pembina to issue debt or equity securities, declare dividends, or purchase the Corporation’s own shares;

- (e) approving prospectuses, if any;
- (f) approving continuous disclosure documents which are "core" documents, including annual and interim financial statements, the related management's discussion and analysis ("MD&A") and earnings press release, annual information form, and management information circulars;
- (g) adopting, amending or repealing by-laws;
- (h) establishing a process to adequately provide for management succession and, from time to time, reviewing succession plans;
- (i) maintaining an understanding of the boundaries between the respective responsibilities of the Board and management and establishing limits on the authority delegated to management;
- (j) directing management to implement systems that are designed to ensure that Pembina operates within applicable laws and regulations, and to the highest ethical and moral standards;
- (k) satisfying itself as to the business and professional integrity of the CEO and other senior executives, as well as the CEO's leadership in the creation of a culture of integrity throughout the Corporation; and
- (l) with the assistance of reports and/or recommendations of the Human Resources and Compensation Committee:
  - (i) appointing and approving the remuneration of the CEO and the other senior executive officers, and providing them with advice and counsel in the execution of their duties;
  - (ii) monitoring and evaluating the performance of the CEO and other senior executive officers;
  - (iii) approving employment agreements, severance arrangements and change in control agreements and provisions relating to the CEO and other senior executives; and
  - (iv) approving the adoption of equity compensation plans, incentive plans including performance metrics and targets.

## VI. STRATEGIC PLANNING

The Board has the responsibility to confirm there are long-term operational and financial goals and a strategic planning process in place for the Corporation and to participate with management in developing and approving a strategy to achieve these goals. The Board will:

- (a) adopt a strategic planning process and review and approve annually a corporate strategic plan which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis; and
- (b) monitor the Corporation's performance against its strategic plan.

## VII. RISK MANAGEMENT

### A. General Oversight

The Board has the responsibility to understand the principal risks of the business in which Pembina is engaged and verify that Pembina achieves a proper balance between risks incurred and the potential return to the Corporation and its Shareholders. The Board must also confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of Pembina.

The Board will:

- (a) confirm that a management system is in place to identify the principal risks to Pembina and its business and that appropriate procedures are in place to monitor and mitigate those risks;
- (b) confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters; and
- (c) confirm that processes are in place to comply with the declaration of trust governing the Corporation's by-laws, Code of Conduct, and all other significant policies and procedures.

#### **B. Enterprise Risk Management**

The Board is directly responsible for overseeing the risk identification, assessment and management program of the Corporation by discussing guidelines and policies to govern the process by which risk identification, assessment and management is undertaken. At least annually, in conjunction with senior management, internal legal counsel and, as necessary, external legal counsel and the Corporation's internal and external auditors, the Board will review the following:

- (a) the Corporation's method of reviewing significant risks inherent in the Corporation's business, assets, facilities, and strategic directions, including the Corporation's risk management and evaluation process;
- (b) guidelines and policies with respect to risk assessment and risk management, including the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- (c) the Annual Corporate Enterprise Management Risk Assessment and updates;
- (d) the major financial risk exposures and steps management has taken to monitor and manage such exposures;
- (e) the loss prevention policies, risk management programs, disaster response and recovery programs, and standards and accountabilities of the Corporation in the context of competitive and operational considerations; and
- (f) other risk management matters from time to time as the Board may consider appropriate.

## **VIII. FINANCIAL REPORTING AND MANAGEMENT**

The Board will, with the assistance of reports and/or recommendations of the Audit Committee:

- (a) approve annual and interim financial statements, the related MD&A and earnings press release and review and oversee compliance with applicable audit, accounting and financial reporting requirements;
- (b) approve annual operating and capital budgets;
- (c) approve and recommend to the Shareholders the appointment of the external auditors and their compensation; and
- (d) confirm that the Audit Committee has established a system for the receipt, retention and treatment of complaints including those regarding accounting, internal accounting controls or auditing matters, as well as the confidential, anonymous submission of concerns, including those regarding questionable accounting or auditing matters.

## **IX. DIRECTOR COMPENSATION**

The Board, based upon recommendations of the Human Resources and Compensation Committee, will periodically review and approve the adequacy and form of directors' compensation, including compensation of the Board Chair, committee members and committee chairs, to confirm that it is competitive with companies that are similarly situated and realistically reflects the responsibilities and risks involved in being a director. Management directors will not receive additional compensation for Board service.

## **X. BOARD AND COMMITTEE EVALUATION**

The Board, in conjunction with the Governance, Nominating and Corporate Social Responsibility Committee, is responsible for establishing the evaluation criteria for assessing the performance and effectiveness of individual directors, the Board Chair, the committee chairs, the committees and the Board as a whole and for implementing the process for such evaluations. On an annual basis: (i) the Board Chair facilitates the assessments of the individual directors, the committee chairs, the committees and the Board as a whole; and (ii) the chair of the Governance, Nominating and Corporate Social Responsibility Committee facilitates the assessment of the Board Chair. The Board Chair and the chair of the Governance, Nominating and Corporate Social Responsibility Committee report their findings to the Board.

## **XI. SELECTION OF NEW DIRECTOR CANDIDATES**

The Board is responsible for approving a list of nominees for independent election at the annual meeting of Shareholders who have been nominated by the Governance, Nominating and Corporate Social Responsibility Committee. Prior to approving or recommending to the Shareholders that the Shareholders elect a new nominee to the Board, the Board will consider the competencies and skills necessary for the Board, as a whole, the competencies and skills of each existing director, and the competencies and skills the new nominee will bring to the Board. The Board will also consider the appropriate size of the Board, with a view to facilitating effective decision-making, and the importance of having diversity on the Board (giving consideration to the Board Diversity Policy) while ensuring the education, experience and necessary skills and competencies required as a whole, and will take this into account in considering new nominees.

## **XII. DIRECTOR QUALIFICATION STANDARDS**

The Corporation's objective is to select individuals with education, experience and skills necessary to assist management in the operation of the business, giving consideration to the Board Diversity Policy.

The role of selecting an individual to become a director belongs to the Governance, Nominating and Corporate Social Responsibility Committee, subject to recommendation to the Board for approval.

## **XIII. ORIENTATION AND ONGOING EDUCATION**

The Board shall confirm an orientation process is in place for new directors and committee members and educational opportunities are available for the ongoing development and education of existing directors as presented by the Governance, Nominating and Corporate Social Responsibility Committee.

## **XIV. CORPORATE GOVERNANCE**

The Board as a whole is responsible for developing the Corporation's approach to corporate governance and has adopted Corporate Governance Guidelines that set out the responsibilities of the Board, the structure of the Board, the responsibilities of directors, and Board operations.

The Board:

- (a) will establish an appropriate system of corporate governance including practices to permit the Board to function independently of management;
- (b) is responsible to establish committees and initially approve their respective charters and the limits of authority delegated to each committee;
- (c) has established written Rules of Reference for directors, that describe and communicate performance expectations of a director and provide a benchmark for developing an approach to individual director assessment and evaluation;
- (d) requires directors to obtain approval prior to serving on the board of directors or executive of other publicly traded or for-profit companies;
- (e) annually reviews whether any two (2) or more directors serve together on the board of another publicly-traded entity and whether the composition of the Board needs to be changed to eliminate these interlocks;
- (f) annually approves the nomination of directors for the next annual general meeting of Shareholders and periodically to fill any vacancies occurring in the Board or committees, as recommended by the Governance, Nominating and Corporate Social Responsibility Committee, giving consideration to the competencies and skills each new nominee will bring to the boardroom relative to the competencies and skills of existing directors and of the Board as a whole;
- (g) annually determines, with the Governance, Nominating and Corporate Social Responsibility Committee the independence of directors, financial expertise and financial literacy, as well as the qualifications of the Audit Committee and the Human Resources and Compensation Committee, pursuant to the Director Independent Guidelines and applicable law;
- (h) approves the independent director and executive officer Share Ownership Guidelines;
- (i) arranges for independent directors to hold regular in-camera sessions, at which non-independent directors and members of management are not in attendance; and
- (j) has established a minimum attendance expectation for directors in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all directors should attend all meetings of the Board and each committee on which they sit.

## **XV. CODE OF BUSINESS CONDUCT AND ETHICS**

The Board has adopted a Code of Ethics Policy that governs the behaviour of the Corporation's directors, officers and employees. The Board:

- (a) has established procedures for monitoring compliance with such code; and
- (b) must approve any amendments and waivers of such code and ensure disclosure of any amendments and waivers, as required by applicable law or regulation.

## **XVI. ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

The Board in conjunction with the Governance, Nominating and Corporate Social Responsibility Committee will oversee Pembina's overall sustainability and environmental, social and governance (ESG) strategy, including review of the Corporation's sustainability reports and may delegate ESG related responsibilities to any committee of the Board as it determines to be appropriate.

## **XVII. STAKEHOLDER COMMUNICATION**

The Board will confirm that management has established a system for effective corporate communications including disclosure controls and processes for consistent, transparent, regular and timely public disclosure and will establish procedures for receiving feedback from stakeholders and establish a process for communications to the Board.

The Board adopted a Disclosure Policy relating to, among other matters, the confidentiality of the Corporation's business information and the timely reporting of developments that have a significant and material impact on the value of the Corporation.

## **XVIII. BOARD MEETINGS**

### **A. Number of Board Meetings**

The Board will meet quarterly, or more frequently as needed for the directors to diligently discharge their responsibilities.

### **B. Conduct of Meetings**

Board and committee meetings shall be conducted in a manner which facilitates open communication, meaningful participation and timely resolution of issues.

### **C. Notice of Meeting**

Notice of each meeting will be given to each member. The notice will:

- (a) be in writing (which may be communicated by email);
- (b) be accompanied by an agenda that states the nature of the business to be transacted at the meeting in reasonable detail;
- (c) be given at least 48 hours preceding the time stipulated for the meeting, unless notice is waived by the Board members; and
- (d) if documentation is to be considered at the meeting, it should be provided seven (7) days in advance of the meeting if practicable, and in any event with reasonably sufficient time to review documentation. Under some circumstances, due to the confidential nature of matters to be discussed at the meeting, it may not be prudent or appropriate to distribute materials in advance.

### **D. Agenda for Board Meetings**

The Board Chair and the CEO shall propose an agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. The chair of each committee of the Board in consultation with committee members and appropriate members of management shall develop agendas for committee meetings.

**E. Quorum and Voting**

A quorum for a meeting of the Board is a majority of the members present or such greater number of directors as the Board may from time to time determine. A director may attend a meeting in person or by means of electronic, telephone or other communications facilities that permit all persons participating to hear each other.

The powers of the Board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Board. At all meetings of the Board, every question shall be decided by a majority of the votes cast on the question.

If the Board Chair is not present at a meeting of the Board a Chair will be selected from among the independent members present. The Chair will not have a second or deciding vote in the event of an equality of votes.

**F. Non-Directors at Board Meetings**

The Board believes there is value in having certain members of management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Attendance by senior management will be determined by the CEO with the concurrence of the Board Chair. Management attendees will be excused for any agenda items that are reserved for discussion among directors only.

The Board may also invite others to attend any part of any meeting of the Board as it deems appropriate. This includes, but is not limited to, members of management, any employee, the Corporation's legal counsel, external auditors and consultants.

**G. In-Camera Sessions**

In conjunction with each regularly scheduled Board meeting, and as the Board deems necessary at non-regularly scheduled meetings, the independent directors will hold an in-camera session, at which non-independent directors and members of management are not in attendance.

**H. Minutes of Meetings**

Minutes will be kept of all meetings of the Board. The minutes will include copies of all resolutions passed at each meeting, will be maintained with the Corporation's records and will be available for review by the Board, the external auditor and as required pursuant to applicable law.

**XIX. ADDITIONAL RESPONSIBILITIES**

**A. Review of Charter**

The Board shall review and reassess the adequacy of this Charter at least annually or otherwise, as it deems appropriate.

**B. Review of Policies**

The Board shall review proposed changes to Board policies relating to the matters set out in this Charter, annually or as it otherwise deems appropriate.