

# 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 (the "Corporation") and all entities controlled by the Corporation (collectively "Pembina") in the best interests of the holders of 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 long-term value to the Corporation, to confirm that Pembina meets its obligations on an ongoing basis and to confirm that Pembina operates in a reliable and safe manner. In performing its functions, the Board will, when required by law, consider the legitimate interests of its other stakeholders (such as employees, shippers and communities).

The Board has responsibility for managing its own affairs and the stewardship of Pembina, including constituting committees of the Board and determining director compensation. The Board will oversee 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 will appoint the officers of the Corporation by resolution.

The Board carries out its responsibilities with a view to the purpose of Pembina. Its role is to support Pembina's commitment to all of its stakeholder groups, as follows:

- Customers choose us first for reliable and value-added services
- Investors receive sustainable industry-leading total returns
- Employees say we are the 'employer of choice' and value our safe, respectful, collaborative and fair work culture
- Communities welcome us and recognize the net positive impact of our social and environmental commitment.

## II. CONSTITUTION

The Board is to consist of a minimum of five (5) and a maximum of thirteen (13) directors. A majority of the Board shall be composed of directors who are independent pursuant to the Corporation's Standards for Director Independence. 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 Board will appoint a chair (the "Board Chair"), who, if possible and if in the best interests of Pembina, will be a person other than an officer or employee of the Corporation. The Board Chair reports to the Board and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities, and works with the Chief Executive Officer (the "CEO") to ensure that the Corporation fulfills its responsibilities to stakeholders including Shareholders, employees, partners, governments and the public. The Board has approved and will periodically review 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;
- (d) Governance, Nominating and Corporate Social Responsibility Committee.

Each committee will function according to a written charter, approved by the Governance, Nominating and Corporate Social Responsibility Committee. The Committees will review and assess the adequacy of the committee charters on an annual basis.

### 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 and hedging;
- (d) authorizing Pembina to issue debt or equity securities, declare dividends, or purchasing 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 and press releases related thereto, the 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 confirming the remuneration of the CEO and appointing and approving the remuneration of other senior executives comprising the senior management team, 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 executives;
  - (iii) approving employment agreements, severance arrangements and change in control agreements and provisions relating to senior executives; and
  - (iv) approving adoption of equity compensation plans, stock option grants and short-term and long-term incentive plan criteria, targets and awards.

## **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 Pembina and to participate with management in developing and approving the strategy by which it proposes 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 performance against the 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;
- (c) review insurance coverage annually; and

- (d) 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 counsel and, as necessary, external counsel and the Corporation's internal and external auditors, the Committee 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) discuss 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 thereto and report to the Board thereon;
- (d) the major financial risk exposures and steps management has taken to monitor and manage such exposures;
- (e) the Corporation's annual insurance report including the risk retention philosophy and resulting uninsured exposure, if any, including corporate liability protection programs for directors and officers;
- (f) 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
- (g) 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 financial statements and review and oversee compliance with applicable audit, accounting and financial reporting requirements;
- (b) approve annual operating and capital budgets;
- (c) approve cash management plans and strategies and all activities relating to cash accounts and cash investment portfolios, including the establishment and maintenance of bank, investment and brokerage accounts;
- (d) confirm that the Audit Committee has established a system for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- (e) approve significant changes in accounting practices or policies.

## **IX. DIRECTOR COMPENSATION**

The Board members should be compensated in a form and amount that is appropriate and which is customary for comparative organizations, having regard to such matters as time commitment, responsibility and trends in director compensation. The Board, based upon recommendations of the Human Resources and Compensation Committee, will periodically review the adequacy and form of directors' compensation, including compensation of the Board Chair 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.

To more closely align the interests of directors and the Shareholders, the directors will be eligible to participate in Pembina's Share Unit Award Incentive Plan (the "Share Unit Plan") under which directors are eligible to receive awards of deferred share units ("DSUs").

## **X. TERM LIMITS FOR DIRECTORS**

The Board has determined that fixed term limits for directors should not be established and that Board renewal is the primary focus. The Board is of the view that such a policy would have the effect of forcing directors off the Board who have developed, over a period of service, increased insight into the Corporation and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide ongoing input of fresh ideas and views and annually considers changes to the composition of the Board.

## **XI. RETIREMENT AGE FOR DIRECTORS**

Unless otherwise determined by the Board, no person will be nominated by management for appointment or election as a director once that person has reached seventy-two (72) years of age.

## **XII. BOARD AND COMMITTEE EVALUATION**

The Board Chair will facilitate an annual assessment of the overall performance and effectiveness of the Board and Board committees. The Chairman will report on such assessments to the Board. The Board, in conjunction with the Governance, Nominating and Corporate Social Responsibility Committee, will be responsible for establishing the evaluation criteria and implementing the process for such evaluations. Each director will complete a board effectiveness questionnaire assessing:

- (a) the Board's performance in specified categories such as fiduciary oversight, Board governance and process, strategic planning and business decisions, and financial matters; and
- (b) the performance of each committee of the Board in light of such committee's charter.

The Board will, after receiving the oral or written report of the Board Chair, meet to discuss the results. The objective of the assessments is to maintain the continued effectiveness of the Board as a whole, each committee, and each individual Board member (including the Board Chair), in the execution of their responsibilities and to contribute to a process of continuing improvement.

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

The Board will approve 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, while ensuring the necessary skills and competencies required as a whole, and will take this into account in considering new nominees.

Directors are encouraged to identify potential candidates to the Governance, Nominating and Corporate Social Responsibility Committee. An invitation to stand as a nominee for election to the Board will be made to a candidate by the Board through the Board Chair or the Board Chair's delegate.

### **XIV. 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. Because the experiences and advice of those businesses facing similar issues is of particular value, current and former senior officers of other major corporations are desirable nominees.

The role of selecting an individual to become a director belongs to the Governance, Nominating and Corporate Social Responsibility Committee, who will consider the education, business, governmental and civic experience, communication and interpersonal skills, the diversity of the existing board and the background of the potential candidate, as well as any other matters which are relevant to the Corporation's objectives. Selections made by the Governance, Nominating and Corporate Social Responsibility Committee are subject to Board approval.

This review will take into account the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, geographic residence and origin. However, all directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the Shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment, outstanding ability in their individual fields of expertise and a willingness to devote necessary time to Board matters.

### **XV. ORIENTATION AND ONGOING EDUCATION**

The Board shall review, as required, a director orientation and ongoing education plan presented by the Governance, Nominating and Corporate Social Responsibility Committee which provides that directors have the requisite skills, knowledge and understanding to fulfill their duties as directors. A director's manual, which is updated on a regular basis, is provided to new Board members who are expected to review and become familiar with its contents. The Board is briefed on a regular basis on corporate governance developments and emerging best practices in corporate governance.

The Corporation also provides directors with opportunities to increase their knowledge and understanding of the Corporation's business. Briefings on strategic issues are conducted annually, and typically include reviews of the competitive environment, the Corporation's performance relative to peers, and any other

developments that could materially affect the Corporation's business. Such briefings are typically supplemented by participation by third party consultants, such as financial advisors, pension experts and outside legal counsel.

## **XVI. BOARD OPERATIONS**

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

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

### **B. Participation on Committees**

All members of the Audit Committee, all members of the Human Resources and Compensation Committee, and all members of the Governance, Nominating and Corporate Social Responsibility Committee must be independent, subject only to the Board claiming an available exemption available under applicable securities laws. The majority of the members of other committees must be independent directors. The Board will endeavour to limit a director's participation to three committees in order to enable the director to give proper attention to each committee, as well as to the Board.

### **C. Conduct of Meetings**

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

### **D. Agenda for Board and Committee 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. Materials Distributed in Advance of Meetings**

Meeting materials will be distributed to members of the Board before each Board meeting, in sufficient time to ensure adequate opportunity for review. 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.

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

The Board believes there is value in having certain members of senior 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.

### **G. In-Camera Sessions**

The independent directors will hold in-camera sessions in conjunction with every regular meeting of the Board, at which non-independent directors and members of management are not in attendance.

#### H. Code of Ethics Policy

The Board has adopted a Code of Ethics Policy that governs the behaviour of directors, officers and employees working for the Corporation, and has established procedures for monitoring compliance. The Board must approve any amendments and waivers and ensure disclosure of any amendments and waivers as required by applicable law or regulation.

#### I. Stakeholder Communication

The Board will:

- (a) confirm that management has established a system for effective corporate communications including disclosure controls and processes for consistent, transparent, regular and timely public disclosure;
- (b) approve the adoption of 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.

## **XVII. 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 will:

- (a) establish an appropriate system of corporate governance including practices to permit the Board to function independently of management;
- (b) establish committees and initially approve their respective charters and the limits of authority delegated to each committee;
- (c) establish written Terms 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) require directors to obtain approval prior to serving on the board of directors or executive of other publicly traded or for-profit companies;
- (e) review on an annual basis whether any two 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) approve the nomination of directors, 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) review the adequacy and form of directors' compensation, including compensation to committee chairs, to ensure that it is competitive with companies that are similarly situated and realistically reflects the responsibilities and risks involved in being a director;
- (h) arrange for independent directors to hold regular in-camera sessions, at which non-independent directors and members of management are not in attendance; and



- (i) establish 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 he or she sits.

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

The Board has adopted a Code of Ethics Policy and will:

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

## **XIX. BOARD MEETINGS**

The Board will meet as frequently as needed for the directors to diligently discharge their responsibilities. Notice of each meeting will be given to each member. The notice will:

- (a) be in writing (which may be communicated by fax or 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 Committee 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, or as appropriate to ensure the currency of the information provided, and in any event with reasonably sufficient time to review documentation.

A quorum for a meeting of the Board is a majority of the members present in person or by telephone or such greater number of directors as the Board may from time to time determine.

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. Resolutions in writing may be signed in counterparts.

If the Board Chair is not present at a meeting of the Board, the CEO will act as Chair. If the CEO is not present, a Chair will be selected from among the members present. The director who also holds the office of President will have a second or deciding vote in the event of an equality of votes.

The Board may invite others to attend any part of any meeting as it deems appropriate. This includes members of management, any employee, the Corporation's legal counsel, external auditors and consultants.

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

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 members of the Board and the external auditor.

## **XX. ADDITIONAL RESPONSIBILITIES**

### A. Review of Charter

The Board shall review and reassess the adequacy of this Charter at least annually or otherwise.

### B. Review of Policies

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